

PRESS RELEASE

Anti-Money Laundering - New Law

The **National Committee for Anti-Money Laundering** announced that it had attended the meetings of the Financial Action Task Force (FATF GAFI) which were held in **Hong Kong - China**, from 28th January to 1st February 2002. The said Committee discussed the UAE reports and concluded that the UAE has established a comprehensive Anti-Money Laundering System, comprising a law, regulations and procedures. As such, the UAE is in a **very good position**, which enables it to be cooperative in the internationally declared fight against money laundering. So, the concerned team decided that the UAE is **not liable to classification** under the reports of Non-Cooperative Countries and Territories (NCCT Report). The National Committee had presented to the Financial Action Task Force (FATF), in its defense before being questioned by the representatives of countries in the said group, the following:

The UAE was one of the first countries that adopted Anti-Money Laundering Articles in its Federal Law No. (3) of 1987 **Concerning promulgating Penal Code**, which was in line with the then discussions, to prepare for the 1988 Vienna Convention.

In 1993, Central Bank of the UAE issued Circular No. 14/93 containing **comprehensive customer identification** requirements and introduced a new requirement for opening of accounts for Charitable Institutions "under Associations" (article no. 5 of the circular).

In 1998, the Central Bank issued another regulation, Notice No. 163/98 which imposed an obligation to report **certain types of suspicious transactions** concerning the deposit of cash or third party cheques, when there are no known commercial activities.

Letters were sent to all banks to monitor all Letters of Credit opened detailing the steps to be taken by banks in this regard.

The Central Bank established a Financial Information Unit in July 1999 (under the name: Anti-Money Laundering and Suspicious Cases Unit) with a small number of staff of 6, later, after the tragic events of 11th September in USA, the number of staff was increased to 12, which is one of the highest per capita in the world. The unit has access to all relevant authorities in the UAE as well as those abroad through the workings and practices of the **National Anti-Money Laundering Committee**.

In July 2000, and based on a suggestion from the Ministry of Interior, the Central Bank formed the **"National Anti-Money Laundering Committee"**, which now has an overall responsibility for coordinating anti-money laundering policy in the UAE. The Committee consists of the Central Bank, Ministry of Interior, Ministry of Finance, Ministry of Justice, Ministry of Economy and Commerce, the UAE Customs Council, the various Municipalities, in addition to, as observers, the five largest national banks and three main money changers.

In November 2000, the Central Bank issued Circular No. 24/2000, which restated and expanded once again the customer identification and suspicious transaction reporting requirements and imposed a full array of additional obligations. It also detailed specific requirements in regard to scrutiny of Letters of Credit and related documents.

At the Central Bank Board of Directors Meeting held on 22nd May 2001, the Directors carried out a six month review of Circular No. 24/2000 and resolved to make a number of amendments thereto, which have been incorporated in a Notice No. 1045/2001 dated 3rd June 2001, issued to all banks, moneychangers and other financial institutions.

The efforts since June 2001

The Central Bank through a decision of its Board of Directors dated 29/10/2001 resolved to reduce the thresholds, for official identification, i.e., through official IDs to

AED 2,000 from AED 200,000/- for moneychangers (Notice No. 1815/2001) and from AED 200,000 to AED 40,000 for banks.

Based on United Arab Emirates Decision in conjunction with the international efforts to fight terrorism, the Central Bank has issued Decisions asking institutions to do a **search and freeze relating to any accounts**, deposits and investments in the names of terrorist leaders, organizations, and those who assisted terrorists and the result has been compiled and provided to the concerned Authorities in the UAE.

All free trade Zone Authorities were requested by a letter dated 5.12.2001 to adopt certain procedures regarding natural or juridical persons who wish to establish their business at the Free Trade Zones, i.e., they were asked to obtain information about the owners of foreign companies that wish to establish joint venture companies or branch offices in the free zones.

A Cautionary Notice has been issued in the Arabic Press advising both Nationals and Residents to exercise prudence while transferring cash funds abroad or while receiving funds from abroad. The same notice is being prepared and will be released in the English Press.

The Ministry of Economy and Commerce has issued a circular to all insurance companies which detail customer identification and suspicious transaction reporting requirements and it also imposes full array of obligations.

On 8th January 2002, the Anti-Money Laundering and Suspicious Cases Unit (AMLSCU) at the Central Bank, applied to join **the Egmont Group**. The said Unit attached with its application the duly filled-in questionnaire.

Anti-Money Laundering Law has been passed by the Cabinet of Ministers in October 2001 and the Federal National Council on 25th December 2001, and approved by Their Highnesses The Supreme Council Members Rulers of the Emirates, and thereafter was signed by H.H. the President of the UAE on 22nd January 2002, as a Federal Law (Federal Law No. (4) of 2002 regarding criminalization of money laundering).

A system for declaration of importation of cash amounts that exceed the AED 40,000 threshold through passengers, shipment, postal parcels and courier company parcels, have been prepared, and was issued by the Central Bank on 26/1/2002 after completion of discussions among Customs Departments within the Customs Council of the UAE.

UAE Authorities conducted 32 anti-Money Laundering seminars/workshops including those conducted jointly with representatives from USA, Germany, UK as well as International organizations.

The National Anti-Money Laundering committee on 10/1/2002, responded to the (FATF) Report regarding the evaluation of the UAE against the Criterion used **to determine countries and territories that are not cooperative and the Mutual Evaluation Report**, and declared that deficiencies in the Anti-Money Laundering Systems in the UAE have been eliminated.

Based on the presentation by **The National Committee for Anti-Money Laundering** in front of the FATF at Hong Kong meetings, and the responses of the said committee to the queries put forward by the representatives of countries in the FATF, which were convincing and detailed, and following the confidential discussions between the FATF and the team assigned to study UAE reports, the said team concluded that the UAE has established a comprehensive system to combat money laundering. Therefore, the UAE is not even a candidate for classification in the list of Non-Cooperative countries and Territories.

Therefore, UAE is out-side the consideration for listing.