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August 2024

### **The UAE's Latest AML Reforms: What's Coming for Businesses?**

A new Federal Decree (the New Decree) has drawn attention in the UAE for making strategic amendments to the country's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Law (the AML Law). The recognition is understandable in light of the UAE's recent removal from the Financial Action Task Force (FATF) **Grey List** and the overall importance of AML controls to ensuring the safety of business in the country.

But while commentators have been quick to praise the UAE's willingness to revise the AML framework, limited insight has been offered on what these amendments have changed for companies from a practical perspective, and what they tell us about the government's immediate plans and priorities.

Contrary to much of the market commentary surrounding the New Decree, the amendments do not create entirely new oversight bodies for the UAE's AML/CFT function. The flagship 2018 AML Law introduced the National Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations Committee (National Committee) under the authority of the Ministry of Finance with a mandate to develop and implement the nation's framework for AML/CFT controls. Likewise, the government created the Higher Committee Overseeing the National Strategy on Anti-Money Laundering and Counter Terrorism Financing (Higher Committee) in 2017 as a temporary body specifically for the purpose of supervising the UAE's efforts during the previous FATF Mutual Evaluation process. The Higher Committee has remained an active part of the UAE's top-level commitment to AML efforts and

held its 21st meeting as recently as 11 July 2024, during which it reviewed and raised the National Strategy for AML/CFT for 2024-2027 for Cabinet approval.

Instead of forming new committees, the amendments aim to reorganize how these existing bodies are constituted and where they sit within the larger government framework. Formerly, the National Committee was formed by a decision issued by the Minister of Finance, but now the Cabinet will formally constitute the National Committee on the proposal from the Minister of Finance. The Higher Committee, meanwhile, will now be a permanent body referred to as the Supreme Committee, formed by Cabinet decision, and under the authority of the Presidential Court. The New Decision explicitly allows for operational continuity of these bodies despite the constitutional changes, stating that any previous decisions regarding these committees will remain in force.

### **Implications**

If these bodies and functions were already operational, why are the changes significant?

Even if the amendments do not signify a transformative shift in AML approach, they are still valuable in indicating how the UAE intends to prioritise AML governance in the coming years. The UAE elevated both committees to fall under the direct purview of the Cabinet and the Presidential Court respectively, signifying their importance on the agenda set by the highest levels of centralised government.

Most importantly, the establishment of a General Secretariat attached to the National Committee may dramatically advance its operational capabilities by providing dedicated resources. The National Committee comprises representatives from all relevant bodies concerned with AML oversight, each of which carries its own wider mandate. The specific make up and function of the General Secretariat is yet to be decided by the Supreme Committee but would be critical in enhancing the National Committee's ability to organize its activities and operate at a more advanced and consistent level.

This is perhaps the defining feature of the New Decree, and the purpose it shares with the UAE's other recent AML activity. While the FATF may have removed the UAE from its Grey List, the country's objective is to demonstrate continued effectiveness across its AML framework. This means enhanced supervision capacities, more advanced understanding of AML risks, decisive enforcement action and, ultimately, more efficacy in detecting and preventing illicit flows.

Other recent developments reinforce this objective: The Central Bank issued a fine of USD 1.6 million to a local bank for failing to address AML/CFT concerns, the Ministry of Economy revoked the licenses of 32 precious metals dealers for multiple AML failures, and the Cabinet passed a Resolution amending the penalties applicable to Designated Non-Financial Businesses and Professions (DNFBPs) for compliance failings. All such actions demonstrate the resolve of UAE authorities to maintain an effective enforcement environment across regulated sectors.

Looking ahead, companies should expect such actions to become the norm. The UAE's next Mutual Evaluation process with the FATF will take place during 2025-2027 and the authorities must show sustained efforts over this period to achieve positive appraisals during future assessments. The authorities have already explicitly acknowledged the importance of the FATF's review and have begun the necessary preparations. Key issues for attention will likely include the treatment of virtual assets and asset recovery, information sharing between AML stakeholders, and the development of national databases to enhance the accuracy of the national risk assessment.

Refining technical compliance with the FATF's evolving standards is a core objective of the new amendments. While the changes in the New Decree do not strictly alter compliance requirements for regulated entities, they should still be noted as a precursor for an empowered and more fastidious approach by the UAE authorities to AML implementation. If this trend continues, further regulatory attuning and enforcement actions will not be far over the horizon.

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