

DFSA fines ABN AMRO for Anti-Money Laundering Deficiencies

Dubai, UAE, 4 November 2015: The Dubai Financial Services Authority (DFSA) has imposed a fine of USD 640,000 (AED 2,350,720) on ABN AMRO Bank N.V. DIFC Branch (ABN).

The fine was imposed following a DFSA investigation which found that, over the period from 1 January 2013 to 31 December 2014, ABN contravened a number of DFSA's Rules requiring it to implement appropriate safeguards to prevent opportunities for money laundering.

ABN brought the contraventions to the DFSA's attention after the firm received internal whistleblower complaints concerning the operation of its Private Banking International business line in the DIFC (PBI). In response to the complaints, ABN initiated an internal investigation which revealed that certain of its staff, within the DIFC branch, had engaged in practices that breached ABN's own policies and DFSA administered laws and Rules.

The DFSA imposed the fine because ABN did not:

- ensure that its anti-money laundering (AML) related systems and controls operated effectively;
- monitor and supervise the activities of all its PBI employees and ensure that they were adequately trained, understood and adhered to ABN's AML policies and procedures;
- undertake adequate risk based assessments of every customer or conduct adequate customer due diligence (CDD) for many of its clients; and
- undertake adequate transaction monitoring of client accounts.

ABN's failings were widespread and exposed its business, and the DIFC, to a high risk of financial crime and money laundering. However the DFSA does not allege that any money laundering took place.

The DFSA reduced the amount of the fine after taking into consideration ABN's initiative to act quickly on the issues raised in the complaints, to self-report the misconduct to the DFSA, to take



significant steps to remediate its deficiencies and to co-operate fully with the DFSA's investigation.

ABN also agreed to settle the DFSA's action at an early stage of the DFSA investigation and therefore qualified for a further discount under the DFSA's policy for early settlement.

Were it not for the mitigating factors and settlement discount, the DFSA would have imposed a fine of USD 1,000,000 (AED 3,670,000) on ABN.

As well as imposing the fine, the DFSA directed ABN to undertake further steps to remediate its AML related deficiencies.

The DFSA's investigation was conducted in close co-operation with ABN's home regulator, De Nederlandsche Bank N.V. (DNB).

Mr Bryan Stirewalt, Acting Chief Executive of the DFSA said: "Although the contraventions in this matter are serious, ABN has taken significant proactive steps to report, investigate and remediate its failings. ABN co-operated fully with the DFSA's investigation. Consequently, the DFSA has taken these factors into consideration and adjusted the penalty proportionally. The DFSA seeks to encourage good governance and compliance with its standards by incentivising those who embrace compliance with its regulatory regime. In this case, ABN received a proportionate discount for exercising a good compliance culture after it found misconduct which contravened its own standards as well as the DFSA administered regulatory regime.

The DFSA wishes to thank the DNB for the assistance it provided to the DFSA's investigation."

A copy of the DFSA's Decision Notice can be found in the Public Register on the DFSA website under Regulatory Actions: <http://www.dfsa.ae/Pages/RegulatoryActions.aspx>

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Editor's notes:

The Dubai Financial Services Authority (DFSA) is the independent regulator of financial and ancillary services conducted in or from the Dubai International Financial Centre (DIFC), a purpose-built financial free-zone in Dubai, the United Arab Emirates (UAE).

The DFSA's regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange.

In addition to regulating financial and ancillary services, the DFSA is responsible for supervising and enforcing Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) requirements applicable in the DIFC. The DFSA has also accepted a delegation of powers from the DIFC Registrar of Companies (RoC) to investigate the affairs of DIFC companies and partnerships.