

MEDIA RELEASE:

DFSA Fines United Investment Bank Limited

Dubai, UAE, 20 May 2015: The Dubai Financial Services Authority (DFSA) has imposed a fine of USD 56,000 (AED 205,800) on United Investment Bank Limited (UIB).

The fine was imposed following a DFSA investigation which found that, from April to July 2014, UIB contravened a number of the DFSA's Rules, dealing with systems and controls to prevent money laundering (Anti-Money Laundering (AML) Rules). In particular, UIB:

- did not take sufficient steps to identify and assess the money laundering risk to which its business was exposed;
- established a business relationship with customers where the ownership or control arrangements of the customers prevented UIB from identifying one or more of the customers' beneficial owners;
- failed to obtain properly certified documents verifying the identity of customers;
- failed to properly document adequate information on the purpose and intended nature of its business relationships with customers;
- failed to properly document its understanding of its customers' sources of funds and wealth; and
- did not undertake sufficient due diligence on customers which UIB itself had identified as being high risk.

As well as imposing the fine, the DFSA directed UIB to implement a plan to address the problems with its AML systems and controls and engage a suitably experienced and independent third party to oversee UIB's take-on of new clients.

It is not alleged that any money laundering took place.

UIB and its senior management, including its CEO, have accepted responsibility for the contraventions and have cooperated fully with the DFSA to resolve the shortcomings in UIB's AML systems and controls.

UIB agreed to settle the matter following the conclusion of the investigation and the fine was imposed by way of a Decision Notice agreed with UIB. The DFSA therefore reduced the fine by 20% under the DFSA's policy for early settlement. Were it not for this discount, the fine imposed on UIB would have been USD 70,000 (AED 257,250).

Mr Ian Johnston, Chief Executive of the DFSA said: "Firms in the DIFC must conduct proper due diligence on clients and have effective systems and controls to prevent opportunities for money laundering. The DFSA will take appropriate action against any person who does not comply with the DFSA's AML Rules."

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.

Mr Ian Johnston was appointed Chief Executive of the DFSA in June 2012. Mr Johnston joined the DFSA in November 2006, as a Managing Director heading the Policy and Legal Services Division.

Mr Johnston was admitted to practice law in Australia in the early 1980's and spent most of his career in the private sector. He held a number of senior positions within the financial sector and was the CEO of one of Australia's major trustee companies. During that time, he played a leading role in the trustee industry and served on the National Council of the Trustee Corporations Association.

In 1999, Mr Johnston joined the Australian Securities and Investments Commission where he was Executive Director, Financial Services regulation, and spent several terms as an Acting Commissioner. In 2005, he took up a position as a special advisor with the Hong Kong Securities and Futures Commission.

Mr Johnston is a past Chairman of the Joint Forum, which comprises representatives of the major international regulatory standard-setters (IOSCO, IAIS and the Basel Committee). In November 2013, he was elected to the Steering Group of IOSCO's Growth and Emerging Markets Committee. He is also a member of the Technical Committee of the IAIS, the global standard-setting body for insurance regulation, and is a member of the Board of Directors of the Financial Planning Standards Board.