
ANNEX J

In this Annex, underlining indicates new text and striking through indicates deleted text.



The DFSA Rulebook

Ancillary Service Providers Module

(ASP)

6 ANTI MONEY LAUNDERING RULES APPLYING TO ANCILLARY SERVICES

6.1 Application

- 6.1.1** (1) This chapter applies to every Ancillary Service Provider.
- (2) Some provisions also relate to the AMLO of an Ancillary Service Provider in his capacity as an individual designated in accordance with chapter 5.

Guidance

1. The Rules in this Chapter require Ancillary Service Providers to have adequate policies, procedures, systems and controls in place to prevent the activity of money laundering. Money laundering is generally described as the process by which criminals attempt to hide or disguise the true origin and ownership of the proceeds of their criminal activities, thereby avoiding prosecution, conviction and confiscation of criminal funds. This includes the closely related subject of 'terrorist financing' and international efforts to locate and cut off the funding of terrorists and their organisations.
2. Accordingly, where the DFSA uses the term 'money laundering', Ancillary Service Providers are required to include 'terrorist financing' in all considerations with regard to their policies, procedures, systems and controls such as those relating to suspicious transaction reporting.

App2 CUSTOMER IDENTIFICATION REQUIREMENTS

A2.2 Establishing identity – identification procedures

Guidance relating to Rules under section 6.5

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Clubs, cooperative, charitable, social or professional societies

- u. An Ancillary Service Provider should take steps to satisfy itself as to the legitimate purpose of clubs and societies by, for example, obtaining a certified copy of the constitution of the organisation.
- v. The identity of the principal signatories and controllers should be verified in accordance with the requirements for private individuals. The capacity of the signatories to act on behalf of the club or society and the identity of Beneficial Owners of the funds should be established and verified.
- w. An Ancillary Service Provider should consider the following items while completing the customer identification requirements for a client which is a charitable society:
 - i. Whether the charity is licensed or permitted by a regulatory authority or government entity in its home country (Note: charities in the UAE are required to obtain a certificate issued by the UAE Minister of Labour and Social Affairs which specifically allows for the opening of bank accounts).
 - ii. The type and quality of regulation to which the charity is subject in its home state.
 - iii. The structure and overall character of management and trustees.
 - iv. Whether the charity allows donors to specify beneficiaries. If yes, then it would be prudent to ascertain that such charities are closely regulated.
 - v. The pattern of beneficiaries - a small number of targeted beneficiaries could indicate potential risks.
 - vi. Whether the charity and its functioning is dominated by a few large donors and the pattern of donors.
 - vii. Whether it is a private foundation as it is more likely to be dominated by a single donor and linked to a small number of beneficiaries which will necessitate scrutiny of both the donor and the beneficiaries.
3.