
ANNEX K

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



The DFSA Rulebook

Anti Money Laundering Module

(AML)

2.1 Application

2.1.1 This module (AML) applies to every Authorised Firm.

2.1.2 This module also applies to the Money Laundering Reporting Officer (MLRO) of an Authorised Firm in his capacity as an Authorised Individual.

2.2 Purpose

Guidance

1. These Rules require Authorised Firms 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 'money laundering' either as a defined or undefined term, Authorised Firms 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.

App1 CUSTOMER IDENTIFICATION REQUIREMENTS

A1.2 Establishing identity – identification procedures

Guidance relating to Rules 3.4

1.
2.

Clubs, cooperative, charitable, social or professional societies

- u.
- v.

w. An Authorised Firm 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 from the UAE Minister of Labour and Social Affairs a certificate which confirms their identity, permits them to open bank accounts and states whether they are permitted to collect donations and make financial transfers outside the UAE through such bank accounts) 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.