



CBUAE issues new guidance for licensed financial institutions on risks related to politically exposed persons

Abu Dhabi (02 August, 2022): The Central Bank of the UAE (CBUAE) has issued new guidance on anti-money laundering and combatting the financing of terrorism (AML/CFT) for its licensed financial institutions (LFIs) on the risks related to politically exposed persons (PEPs).

The guidance, will assist LFIs' understanding of risks and effective implementation of their statutory AML/CFT obligations and takes Financial Action Task Force (FATF) standards into account.

The guidance requires LFIs to demonstrate compliance with its requirements within one month. Customers that are PEPs and transactions involving PEPs may expose LFIs to a heightened risk of money laundering, terrorism financing and other illicit finance. LFIs must carry out specific mandatory due diligence measures on PEPs and their direct family members or close associates in addition to the standard customer due diligence required for all customers.

As stipulated in the guidance, LFIs providing services to PEPs must develop risk-based policies to ensure they appropriately identify PEPs or related customers prior to the commencement of the business relationship and risk rating and applying commensurate customer due diligence measures.

They must also conduct on-going monitoring of the business relationships. In addition, LFIs should maintain transaction monitoring systems equipped to identify patterns of unusual or suspicious activity and report any behaviour linked to money laundering, financing of terrorism or a criminal offence to the UAE's Financial Intelligence Unit using the "goAML" portal. These preventive measures should be integrated into an LFI's AML/CFT compliance programme and supported with appropriate governance and training.

H.E Khaled Mohamed Balama, Governor of the CBUAE, said: " We are keen to ensure that all LFIs comprehensively understand their role and responsibilities in mitigating relevant AML/CFT risks and safeguarding the UAE financial system from illicit activities. This guidance provides LFIs with further requirements and measures they must fulfil before and after initiating business relationships with politically exposed persons to stay anti-money laundering compliant."



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H.E added: “We will continue our efforts to issue similar regulatory guidelines, to enhance the efficiency and robustness of our financial system in line with international standards related to anti-money laundering and the financing of terrorism.”

To view the Guidance, please click on the following link:
<https://www.centralbank.ae/en/cbuae-amlcft>.

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