



## **CBUAE issues new guidance on anti money laundering and combatting the financing of terrorism for licensed exchange houses**

**Abu Dhabi (17 November 2021):** The Central Bank of the UAE (CBUAE) has issued new guidance on anti money laundering and combatting the financing of terrorism (AML/CFT) for licensed exchange houses (LEH).

The guidance, which comes into effect today, will assist LEH's 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 LEH to demonstrate compliance with its requirements within one month.

The Exchange Houses sector is weighted as highly important in terms of risk and materiality in the UAE, which is increased notably by their exposure to cash and cross-border transactions. As stipulated in the guidance, LEH must maintain an effective AML/CFT programme designed to prevent misuse of their business to facilitate money laundering or terrorist financing. LEH must take a risk-based AML/CFT approach by conducting a regular risk assessment process that covers all commensurate risks to their exchange business, including customer, products and services, delivery channel, new technologies, geographic, counterparty and illicit finance risks. In tandem, the risk assessment findings should inform the programme's comprehensive policies, procedures, internal controls and employee training to mitigate risks effectively.

Further essential components of the AML/CFT programme include dedicated compliance function, strong customer due diligence, continuous transaction monitoring and full compliance with the UAE's requirements on Targeted Financial Sanctions and Suspicious Transaction Reporting. The CBUAE issued AML/CFT Guidance recently on these components, which are applicable to all its Licensed Financial Institutions.

**His Excellency Khaled Mohamed Balama, Governor of the CBUAE,** said: "The CBUAE takes its regulatory and supervisory duties extremely seriously. We want to ensure that all licensed exchange houses in the UAE understand their AML/CFT responsibilities, have adequate programmes to identify and mitigate AML/CFT risks in their operations, and comply fully with their statutory obligations."

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

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