

# ANNUAL REPORT

UAE Financial Intelligence Unit (UAEFIU)

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2022



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# FOREWORD **FOREWORD** FOREWORD

**H.E. Khaled Mohamed Balama**  
**Chairman, NAMLCFTC**





I am pleased to present the 2022 Annual Report of UAE Financial Intelligence Unit (UAEFIU). The report details some of the UAEFIU's major successes over the past year.

In 2022 more than AED 452,529,528 has been frozen based on UAEFIU analysis, total of 63 MoUs have been signed with counterpart FIUs internationally till end of 2022 and over 8,000 people have participated in UAEFIU awareness programs.

I would like to take this opportunity to express my gratitude to UAEFIU management and staff, and to all UAEFIU stakeholders for their support and commitment to achieve UAEFIU vision of being a leading FIU in the protection of global financial integrity, peace and security.

The UAEFIU has made clear progress towards this vision in 2022, and I am convinced that it will remain steadfast in its pursuit of excellence in the fight against money laundering, terrorist finance and associated crimes (ML/TF) for their transnational nature.

Addressing this threat means that an ambitious and integrated whole of government approach is needed to tackle it. That is why the leadership, talent, and commitment which I see every day from the UAEFIU and its officers fills me with great confidence.

As this report demonstrates, the UAEFIU is rapidly developing a proven track record of responding robustly to changing circumstances and I am confident they will continue to provide strong standing in the year ahead.

**H.E. Khaled Mohamed Balama**  
**Chairman, NAMLCFTC**



# MESSAGE FROM THE CHIEF OF UAEFIU



I am delighted to present the 2022 Annual Report, which shows the significant progress the UAEFIU had the past year. Our mission to protect the UAE and its communities from the global threat against money laundering, terrorist finance and associated crimes (ML/TF).

This Annual Report sets out the significant successes we have had in year 2022, in leading that fight. I am continually proud of our achievements and the determination of our officers, often working with others in holistic government approach.

We operate with partners across law enforcement, government, the public, private and other sectors in the UAE and internationally. Without them, many of the operational outcomes in this document would not have been possible.

This year has seen significant investment in our technology, people and processes to enhance our abilities and deliver new national capabilities. This has led to an increasingly sophisticated understanding of the key threats the UAE faces, which has enhanced our ability to make informed decisions about those threats and, importantly, respond to them in an extensive and dynamic way.

Now more than ever, it is essential that the UAEFIU has the right capabilities, powers, structure and international reach to disrupt and deter money laundering, terrorist finance and associated crimes (ML/TF).

This report details our progress in understanding the intelligence picture and ensuring relentless investigation, and shows how we are building new capabilities to protect the UAE.

I am honoured to have the privilege to lead the UAEFIU and remain committed to delivering our vision to be a leading FIU in the protection of global financial integrity, peace, and security.

**Ali Faisal Ba'Alawi**  
**Chief of the UAEFIU**

# UAE AML/CFT INSTITUTIONAL FRAMEWORK

Since 2002, the UAE has built a comprehensive Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) institutional framework supported by a strong legal structure, which has been further enhanced throughout the years bearing in mind the evolving nature of the AML/CFT landscape.

The framework includes national committees, judicial authorities, regulatory authorities, law enforcement authorities, security agencies, company registrars, and the Financial Intelligence Unit.

The National Anti-Money Laundering and Combating Financing of Terrorism and Financing of Illegal Organizations Committee (NAMLCFTC)<sup>1</sup> established in 2002, is the primary body for policy-making and issuing regulations to combat money laundering (ML) and the terrorism financing (TF) in the UAE, with a clear legal mandate described in Article 11 and 12 of the Decretal Federal Law No. 20 of 2018 regarding Anti-Money Laundering and Combating Financing of Terrorism and Illegal Organizations (AML Law).

The NAMLCFTC is chaired by H.E. the Governor of the Central Bank of the UAE (CBUAE) and has 44 permanent members from 32 federal and local competent government authorities including the UAEFIU, and a dedicated secretariat that handles all of the administrative work of the NAMLCFTC, its meetings and decisions.

The NAMLCFTC established eight subcommittees with different specialties related to AML/CFT. The subcommittees are made up of technical members in their fields from different competent authorities, including the UAEFIU, as follows<sup>2</sup>:

1. The Sub-Committee for Technical Compliance of the United Arab Emirates' Mutual Evaluation Report
2. The Sub-Committee for Money Laundering Crimes Investigative Authorities in the United Arab Emirates
3. The Sub-Committee for Supervisory Authorities in the United Arab Emirates
4. The Sub-Committee for National Risk Assessment of Money-Laundering, Terrorism Financing and Illegal Organizations Financing Risks in the United Arab Emirates
5. The Sub-Committee for Combatting the Financing of Terrorism and the Financing of Illegal Organizations and the Financing of Proliferation in the United Arab Emirates
6. The Sub-Committee of Companies Registrars in the United Arab Emirates
7. The Sub-Committee for Managing and Follow-up of International Co-operation Requests Related to Money Laundering and Related Predicate Crimes and Combatting the Financing of Terrorism
8. The Sub-Committee on Public-Private Partnership for Countering Money Laundering and Terrorism Financing

<sup>1</sup> <https://www.namlcftc.gov.ae/en>

<sup>2</sup> <https://www.namlcftc.gov.ae/en/about/namlcftc-structure/>

The NAMLCFTC created an AML/CFT National Strategy of 2020–2023 as a road map for all competent authorities to follow and to support in allocating resources more effectively and efficiently across the institutional framework established to prevent, detect and deter ML and TF within the UAE. This strategy identified 12 distinct strategic goals<sup>3</sup>, based on the risks identified in the National Risk Assessment and the Financial Action Task Force's (FATF) Mutual Evaluation Report (MER), which outlines specific actions for all competent authorities within the institutional framework.

In 2020, the UAE Cabinet established the Higher Committee Overseeing the National Strategy on AML/CFT (the Higher Committee), chaired by H.H. Sheikh Abdullah Bin Zayed Al Nahyan, Minister of Foreign Affairs of

the UAE, which has ministerial level members from the Ministry of Foreign Affairs, Ministry of Interior, Ministry of Finance, Ministry of Justice, Ministry of Economy, Central Bank of the UAE, Federal Authority for Identity, Citizenship, Customs & Ports, and the security agencies.

The Higher Committee established The Executive Office of Anti-Money Laundering and Counter Terrorism Financing<sup>4</sup> in 2021 through Cabinet Resolution No. 10 of 2021. Among its tasks is to oversee the implementation of the National AML/CFT Strategy and the National Action Plan, and to monitor and assess any risks related to ML/TF, financing of illegal organisations, and financing proliferation, in coordination with the NAMLCFTC and its subcommittees.

<sup>3</sup> <https://www.namlcftc.gov.ae/en/more/uae-strategy/>

<sup>4</sup> <https://amlctf.gov.ae/>



# VISION MISSION VALUES



To produce actionable financial intelligence for the fight against money laundering, its predicate offences and terrorist financing, at both the national and international levels, through the continuous enhancement of subject matter expertise, methods, and technology.

# VISION MISSION VALUES



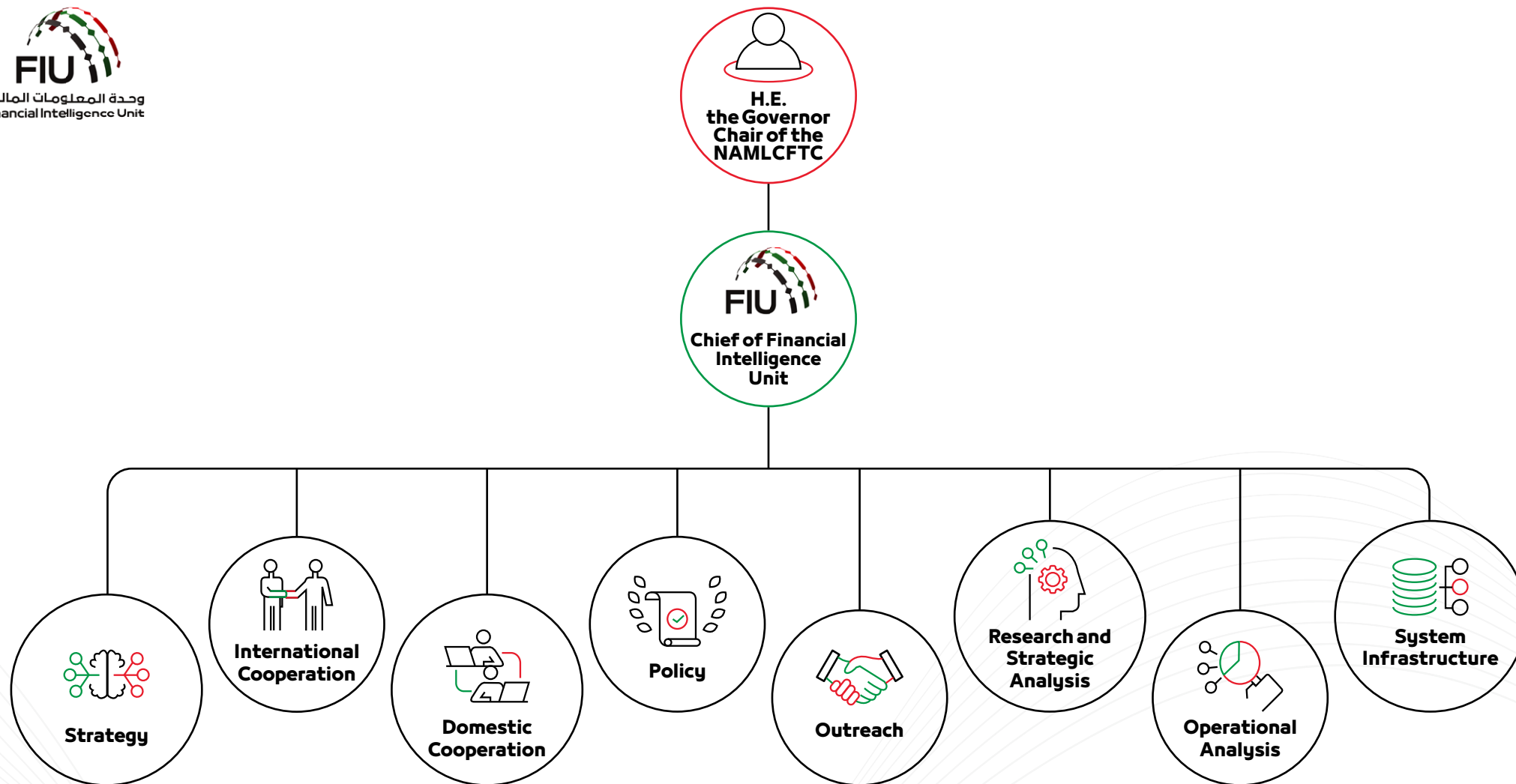
To be a leading Financial Intelligence Unit in the protection of global financial integrity, peace and security.



Integrity, Accountability, Domestic and International Cooperation, Confidentiality, and Proactivity.

# ORGANISATIONAL STRUCTURE





### Brief History of UAEFIU

In 1998, the Central Bank of the UAE (CBUAE) established a special unit to investigate fraud and suspicious transactions, which was renamed the Anti-Money Laundering and Suspicious Cases Unit (AMLSCU) in 2002. This unit's aim, in collaboration with its stakeholders, was to protect the UAE's economy from illegitimate activities, including money laundering and terrorism financing.

With the issuance of the Decretal Federal Law No. 20 of 2018 on Anti Money Laundering and Combatting Financing of Terrorism and Financing of Illegal Organizations (AML Law) and its Executive Regulation (Cabinet Decision No. 10 of 2019), the unit was renamed the Financial Intelligence Unit (UAEFIU).

# LEGAL MANDATE

The UAEFIU gains its legal mandate and powers mainly from Article No. (9) of the AML Law and Articles (40) to (43) of the AML By-law as an independent unit established within the CBUAE to exclusively receive, analyse, and disseminate Suspicious Transaction Reports (STRs) from all Reporting Entities, including Financial Institutions (FIs), Designated Non-Financial Businesses and Professions (DNFBPs), and Virtual Asset Service Providers (VASPs), licenced or registered in the UAE.

The UAEFIU has the legal powers to request any information from any competent authority or Reporting Entity deemed necessary to perform its duties on schedule and in the form determined by the UAEFIU.

The UAEFIU has the legal powers to exchange information with its counterparts in other countries according to international agreements to which the UAE is a party or bilateral agreements signed by the UAEFIU with its counterparts governing bilateral cooperation or conditional upon reciprocity.

# UAEFIU SECTIONS

The UAEFIU organisational chart consists of eight sections, in addition to the Chief of Financial Intelligence Unit (CoFIU) Office. Each section has its own roles, responsibilities and Standard Operating Procedure (SOP) describing its functions and the detailed unified processes to achieve each function, in accordance with institutional governance and quality assurance, which is considered as a step-by-step guide for the UAEFIU staff.

## 1. Strategy Section

The main function of the section is to support the UAEFIU in implementing its mission mainly through developing yearly operational plans, in line with the UAE National Strategy on AML/CFT and the National Action Plan, and overseeing their implementation.

## 2. International Cooperation Section

The primary function of the section is to disseminate and receive, both pursuant to incoming and outgoing requests, information relevant to combatting ML, TF, proliferation financing (PF), and associated predicate offenses to and from its international partners.

## 3. Domestic Cooperation Section

The main function of the section is to serve as the focal point for engagement between the UAEFIU and all competent authorities in the UAE including Public Prosecution (PP), law enforcement authorities (LEAs), state security (SS), and supervisory authorities for the exchange of information and intelligence.

## 4. Policy

The section is responsible for developing internal policies, procedures and guidelines and collaborating with other sections of the UAEFIU in creating and maintaining SOPs, the section also provide legal advices for the other section in relation to their daily operations. In addition, the section plays a critical role within the UAE AML/CFT framework by supporting the concerned authorities in drafting and updating AML/CFT legislations, and collaborating with supervisory authorities in developing AML/CFT regulations and guidance.

## 5. Outreach

The section is responsible for engaging with the reporting entities and recommending best practice to enhance the AML/CTF compliance and STR reporting. The section also collaborates with domestic and international stakeholders to organize and develop training programs in relation to AML/CFT and financial crime. Internally, the section is planning and implementing a yearly training plan for the UAEFIU staff.

## 6. Research and Strategic Analysis Section

The primary function of the section is to carry out strategic, studies, typology reports, whitepapers and statistical reviews related to money laundering, terrorist financing and other activities relating to predicate offences within the UAE and abroad when warranted. The section examines the available and obtainable information to the UAEFIU and generates analysis reports on the UAE's financial and trade systems, VASPs and DNFBP sectors insofar as they relate to ML/TF and other predicate

<sup>5</sup> <https://www.uaefiu.gov.ae/en/about-us/mandate/>

<sup>6</sup> <https://www.uaefiu.gov.ae/en/about-us/organisational-structure/>



offences. Ultimately, the section aims to develop the understanding of the primary risk drivers of financial crime within the UAE by identifying relevant typologies, patterns, trends, and risk indicators.

### **7. Operational Analysis Section**

The primary function of the Operational Analysis Section is three-fold. Firstly, as the designated national receptor of reports, the section is building the capabilities to receive STRs, SARs, and other report types as mandated by the UAE's laws and regulations from the financial sector, DNFBPs and VASPs (Reporting Entities), and to collect additional information from the broadest range of national and international sources.

Secondly, the section is tasked with analysing the reports and other information and data gathered to identify possible illicit activity in the financial, DNFBP and VASP sectors, and the economy in general, used by

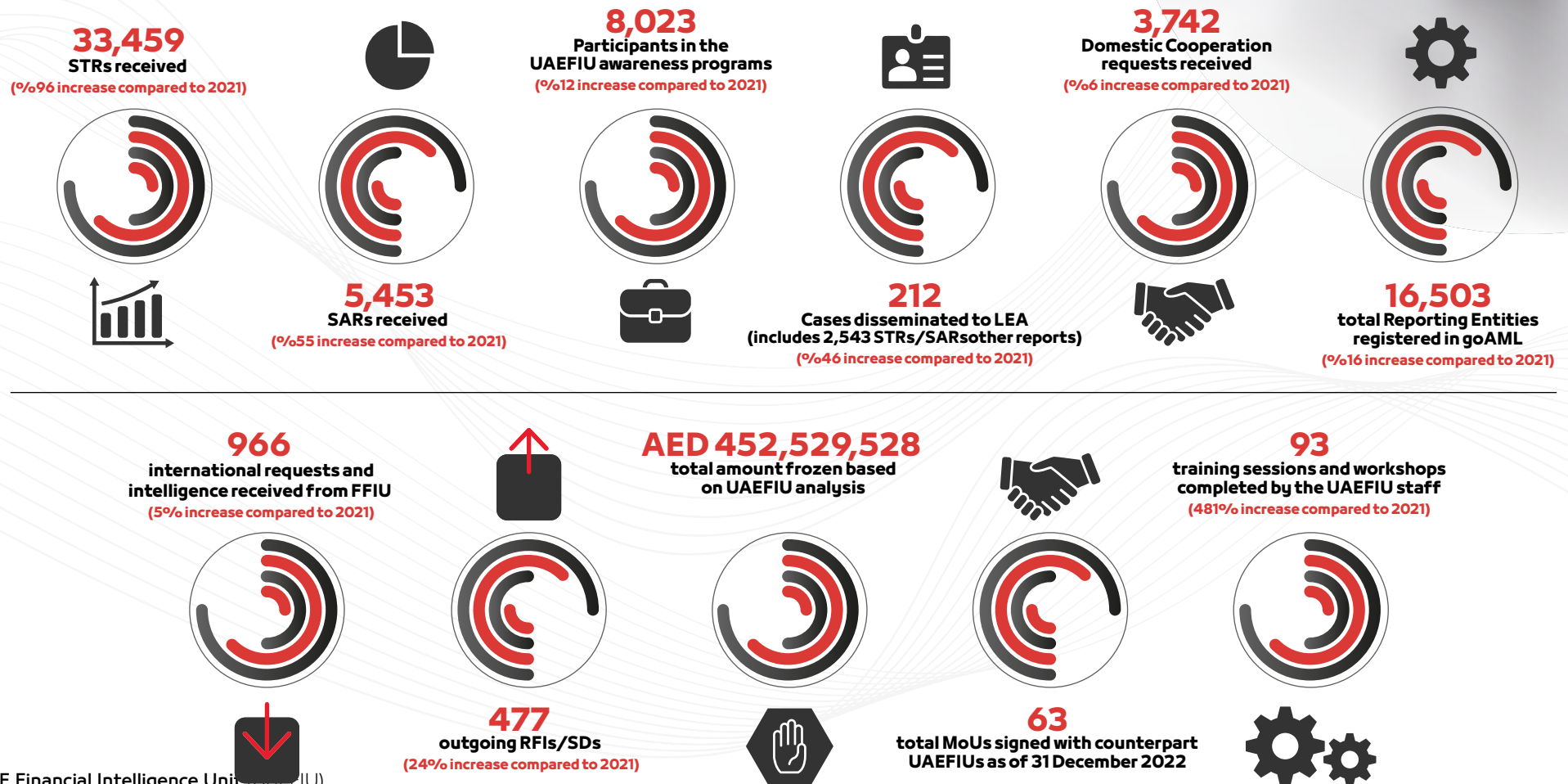
potentially nefarious actors in their attempt to launder illicit proceeds, finance terrorism and overall fund their unlawful activities. This is done by developing actionable intelligence in the form of activity patterns, targets, criminal ties, relationships, and networks, leads, criminal profiles and the tracing of funds.

Finally, the section will share this operational intelligence with LEAs, and other competent authorities, as needed, for further action.

### **8. Systems Infrastructure Section**

The section is responsible for day-to-day activities of administering UAEFIU-owned systems and applications, website (publicly facing and intranet) management and support, database structures and system setup/configurations.

# OVERVIEW OF 2022 FIGURES



# UAEFIU FUNCTIONS

## 1. International Cooperation:

International coordination and cooperation are critical elements in the global fight against money laundering, terrorist finance and associated crimes (ML/TF) for their transnational nature. The UAEFIU considers the international cooperation with counterpart FIUs and other international stakeholders as a matter of priority and a core function.

During 2022, the UAEFIU moved the international cooperation to the next level with methodological bases, by adapting, for the first time, an "International Engagement Plan" that built on a comprehensive methodology with 11 different criteria, including volume of exchange of information, principle violations in information requests, transactions amount included in STRs/SARs, amount of inward/outward remittances, cash declarations, existence of MoU or MLA, and outcomes of the NRA.

The objective of this plan is to identify the jurisdictions of strategic relevance so the UAEFIU can prioritise its actions and focus on enhancing its information sharing efforts where they make most sense.

In addition, the plan supports the UAEFIU to propose the establishment of bilateral dialogues aimed at improving the understanding of risks of mutual concern and developing joint strategies to mitigate them through enhanced information sharing, bilateral dialogue that includes technical assistance, capacity building programmes, joint projects, and establishing of new MoUs.

Part of the plan is to monitor and measure the progress of the operation and cooperation with the jurisdictions of strategic relevance through joint key performance indicators (KPIs) between the UAEFIU and the counterpart FIUs. The results of the KPIs will be presented at the end of each calendar year as "achievements of cooperation" to the head of UAEFIU and its relevant counterpart.



# 2022 HIGHLIGHTS

01

## Signed 4 MOUs

with strategic jurisdictions in 2022 to exchange ML/TF related to financial intelligence

## Conducted 59 meetings

with international stakeholders (including FIUs, Egmont meetings, engagements with international organizations, Bilateral Dialogue on UAE government level)

03

## Received 782 requests for information

include 1219 natural persons and 1336 juridical persons, and 184 spontaneous disclosures from Egmont and non-Egmont FIUs.

## Sent 283 requests for information

include 235 natural persons and 286 juridical persons, and 194 spontaneous disclosures to Egmont and non-Egmont FIUs.

05

## Reviewed its performance

by sending surveys to the top 20 counterpart FIUs to measure the effectiveness of the UAEFIU information exchanges. The results revealed significant improvement, as for the quality the satisfaction level reached 4.2 out of 5 and as for the timelines it reached 3.6 out of 5.

04

02

## 2. Operational Analysis:

One of the core functions of the UAEFIU is to receive Suspicious Transaction Reports (STRs), Suspicious Activity Reports (SARs), and other reports from Reporting Entities, and to analyse them along with related information from other sources, and disseminating financial intelligence to law enforcement partners when warranted.

To identify potential ML/TF cases, the UAEFIU follows a risk-based approach to prioritise and analyse information received and collected from Reporting Entities and other stakeholders, taking into account risk attributes identified through the UAE's national risk assessment, various sectorial risk assessments, and the outcomes of the strategic analysis conducted.

### Updated STR/SAR Life Cycle:

Historically, the STR/SAR life cycle included two main system related gateways or checks by which quality was checked and a risk-based approach was applied. This included the usage of Business Rejection Rules (BRRs) in the reporting system as well as a Risk-Based Approach (RBA) engine that sits on top of the reporting system and applies the information from incoming reports to a set of up to 12 risk parameters. This allowed the UAEFIU to assign a risk factor or score to every STR/SAR received.

During 2022, the UAEFIU received a record number of STRs, SARs and other report types. Thus, the STR/SAR life cycle was further enhanced in a multitude of ways. Firstly, the list of Reasons for Reporting (RFRs) was updated. This was done both in response to the findings of the

UAEFIU's own strategic analysis reports but also in coordination with other government authorities whereby those authorities had published red flags specific to their areas within the AML/CTF regime.

Those red flags were taken into account to allow Reporting Entities (REs) more flexibility and a wider range of options in terms of choosing RFRs that best suit the red flags that they have identified and thus the reason why the reporting is taking place.

As with all processes the changes to the STR/SAR life cycle have been adopted gradually, both when a need arose but also proactively when enhancements to how the UAEFIU could better apply a risk-based approach to target higher risk typologies were identified.

### Triage Function:

The triage function that was set up in late 2021 was further strengthened during 2022 whereby the process was enhanced to create a seamless handover from the RBA system to the triage team. The triage team takes off where the system intervention ends and looks into higher risk STRs/SARs. This team which is made up of seasoned team members further drill down into the reports being received to make sure that reports that end up being looked at by the analysis teams are of high quality, higher risk, and will end up in dissemination to law enforcement or the freezing of funds.

The Triage team also makes sure that reports that are moved on for full manual analysis include elements that are important to the UAE from a strategic perspective and that are in and of themselves the beginnings of cases that are of higher risk and higher concern to both the UAEFIU and LEAs. This includes:

1. Reports related to possible Terrorism Financing (TF);
2. Reports related to possible Proliferation Financing (PF);
3. Reports related to possible Trade Based Money Laundering (TBML);
4. Reports with international elements including possible laundering of proceeds of international predicate offences;
5. Reports related to possible Professional Money Laundering (PML);
6. Reports related to fraud and fraudulent activities, especially when the fraud is a catalyst for money laundering;
7. Reports that fit into the above prioritisation areas and where funds exist in the accounts being reported and fund freezes may be warranted.

The current STR/SAR life cycle is now more robust with a focus on applying a risk-based approach both via system controls but also by a dedicated team. This double focus on a risk-based approach before the reports are allocated to analysis teams has led to far fewer reports being closed by the analysis teams and disseminations being focused on higher risk typologies. It has also been a contributing factor in the larger numbers of disseminations during 2022 when compared to 2021.

**Figure 1: Current STR/SAR life cycle**



### **Quarterly Feedback Report:**

To help close the loop on reports that are received, the UAEFIU issues a Feedback Report on a quarterly basis to all reporting entities as well as all supervisors. Historically, this report included lists of good conduct that was seen in the reports received during the preceding quarter with notes on why the conduct was considered good. The reports also included issues seen in the reports as a whole with explanations as to why these issues are negative in nature and how REs could rectify them going forward.

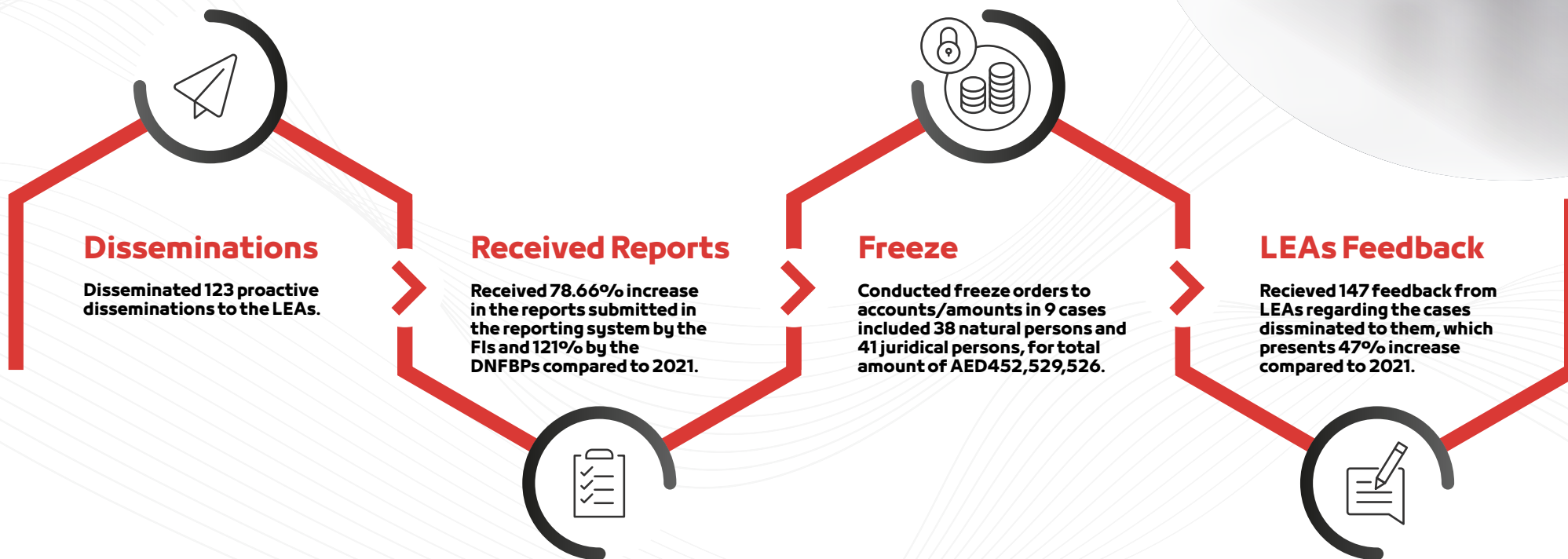
During 2022, the feedback reports started to change in both tone and with regards to what information is provided. The average feedback report has doubled in size and has shifted from a very FIs oriented report to a more inclusive report where feedback specific to DNFBPs is provided. Aside from the feedback on good and bad practices, these feedback reports now include:

1. Statistical analysis of reports received from REs;
2. Highlights on the reporting statistics of various sectors;
3. Explanation of disseminations that took place during the preceding quarter, including the typologies noted and to which LEAs they were disseminated;
4. Case studies that highlight emerging typologies or provide good lessons to the various sectors;
5. Trend alerts where new trends/typologies are noticed;
6. Feedback specific to various DNFBP sectors.

The reports are also discussed in various forums with REs, most notably in the various roundtable sessions held by the UAEFIU. The feedback from Compliance Officers has been positive and the two-way communication between the UAEFIU and REs was one of the catalysts for some of the changes in the content of the feedback reports as REs asked for more information on what happens to their raised reports after the UAEFIU analyses and disseminates. Such cooperation is important and has become the standard during 2022.



# 2022 HIGHLIGHTS



### 3. Research and Strategic Analysis:

As one of the core UAEFIU functions, Strategic Analysis produced four thorough reports in 2022, namely:

1. Typology report on 'Fraud Trends, and Typologies'.
2. Typology report on 'Dealers in Precious Metals and Stones'.
3. White paper on 'Underground Banking: Far East Typology Patterns and Schemes'.
4. Statistical review of federal customs data obtained from the Federal Authority for Identity, Citizenship, Customs & Port Security (ICP) and the UAE Remittance Reporting System (UAERRS).

The reports aimed to identify typologies and emerging techniques, determine vulnerabilities, provide a list of red flag indicators, and illustrate case samples related to the aforementioned topics using all obtainable and available information to the UAEFIU.

Outreach sessions were conducted for the public and private sectors on the outcome of the typology reports; more than 355 participants attended the strategic analysis sessions in 2022.

The UAEFIU shared the strategic analysis reports with the National Anti-Money Laundering and Combatting the Financing of Terrorism Committee (NAMLCFTC), as well as supervisory authorities, the concerned NAMLCFTC sub-committees, and law enforcement authorities. A sanitized version of

the reports was also shared with Reporting Entities through the reporting system goAML and a public version on the UAEFIU LinkedIn account. For further information on the identified typologies and patterns, please refer to the published reports. Lists of developed risk indicators are also attached in the annex of this report.

#### 2022 Strategic Analysis Reports in Brief:

##### 1. Typology report on Fraud, Trends, and Typologies

Fraud is a criminal offense that refers to intentional deception to secure or gain unfair or unlawful profit or deprive the legal right of property ownership. Fraud involves misrepresenting facts either by words or by conduct, withholding vital information, or even making false statements made by one party (perpetrator) to another, causing financial or non-financial or potential loss to another party (victim).

In the UAE, fraud is one of the most common crimes facing the financial sector. Fraud crimes are committed daily. While law enforcement and other bodies trace and prosecute financial criminals, fraudsters develop more sophisticated methods to commit such crimes. According to information collected from the reporting entities and the received suspicious reports by the UAEFIU in 2022, the estimated losses related to international 'fund transfer fraud' (based) were approximately AED 152 million in 2020 and AED 132 million in 2021. The estimated losses related to the domestic 'fund transfer fraud' were approximately AED 154 million in 2020 and AED 162 million in 2021.

**The examined sample reviewed by the UAEFIU of STRs/SARs and ISDs/IRIs underlined the following common fraud patterns and trends:**

- Funds Transfer Fraud or Money Transfer Fraud
- Business E-mail Compromise (BEC)
- Scam Fraud
- Fake Products/Fake Websites Fraud
- Fake Visa/Ticketing Fraud
- Investment Scam/Fraud Phishing/Vishing
- Forgery/Counterfeit

**2. Typology report on Dealers in Precious Metals and Stones**

Precious metals and stones (PMS) are attractive to criminals and terrorists because they offer a high level of liquidity and anonymity, in addition to their compact size so that they can easily be stored or smuggled. As such, dealers in precious metals and stones (DPMS) are vulnerable to exploitation in money laundering (ML) and terrorist financing (TF) schemes. DPMS are considered among the Designated Non-Financial Business and Professions (DNFBPs) under Cabinet Decision No. (10) of 2019 and its amendments concerning the Implementing Regulation of Decree Federal Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations. Consequently, DPMS are subject to the DNFBPs requirements, including reporting suspicious transactions and any transaction equal to or more than AED 55,000 to the UAEFIU, as well as identifying and mitigating any ML/TF risks encountered.

While the UAE is a major contributor to the global trade of PMS, the risk of DPMS being abused for ML/TF purposes is recognized as high in both mainland and commercial free zone, according to UAE national and

sectoral risk assessments. Therefore, the ML/TF risk of abusing DPMS should be well understood and monitored through DPMS conducting adequate due diligence and risk assessment, recordkeeping, and reporting suspicious transactions.

**The following typologies and their associated risk indicators constituted the key findings of the UAEFIU strategic analysis on DPMS in 2022, wherein the risk mitigation areas required in the DPMS sector:**

- Trade-based money laundering (TBML) by DPMS entities
- Money laundering through 'foreign currency exchange' by DPMS entities
- Possible gold/cash smuggling via DPMS entities (conflict gold supply chain)

**3. White paper on Underground Banking: Far East Typology Patterns and Schemes**

The Far East typology of underground banking was first recognised by Financial Institutions (FIs) in the UAE in late 2017. UAE FIs were detecting legal entity clients receiving unreasonably high volumes of large cash transaction activities followed by multiple outward remittances. From 2018–2019 onwards, the scheme shifted towards the use of clearing cheques and inter-banking transactions while leaving bank accounts with a low or no balance. Afterwards, the said typology continued to employ rapid movement of funds but through more intersections of different transaction modes, including inward wires from multiple counterparties, internal transfers, cash and cheque deposits, clearing cheques, or through customers' own accounts.

Subsequently, these transactions are wired outwards to customers' own accounts or other entities' accounts in the country and abroad. Most outward transactions are headed to multiple destinations in Far East countries. It was also noted that the current pattern involves receiving a high value of inward remittances from several goods wholesaler companies, unknown counterparties, and third parties, including unlicensed hawaladars. Furthermore, UAE legal entities are used as a 'front' to open bank accounts and move money through FIs. This scheme also uses different techniques of trade document fabrication, the misrepresentation of goods, and price manipulation. Following the establishment of new legal entities, corporate vehicles are abused to move money between internal and overseas accounts, including other legal entities' accounts abroad.

#### **4. Statistical review of customs data (ICP) and the UAE Remittance Reporting System (UAERRS)**

Money laundering (ML) is a transnational crime. As a result, criminal proceeds associated with ML might involve the UAE borders and its formal and informal financial institutions to move illegal funds overseas. Therefore, it was important to understand and examine possible connections between the movement of criminal proceeds and the UAE. Such a connection might be found through funds that are routed through the UAE, be it physically via cross-border cash movements or electronically through the abuse of FIs, including exchange houses or money value transfer systems (MVTs) like registered/unregistered hawala providers (RHP/UHP), as a way in which to move funds from or to another foreign counterparty. Although domestic ML could involve transferring funds in order to complete an illegal transaction or as part of a fraudulent scheme, international criminal proceeds are still possibly laundered by using the country as a 'pass-through.' Either way, the UAE's borders and financial system need to be a shield against potential international and domestic ML exposure.

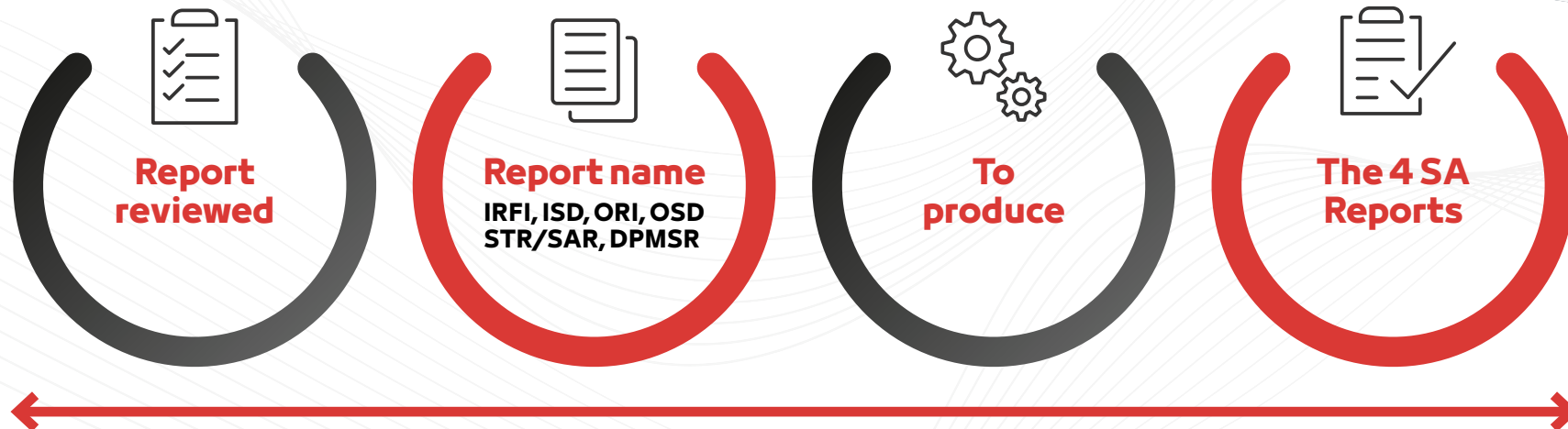
As Egmont Group & World Customs Organisation (2022) stated, "Customs and FIUs are the best-placed authorities to identify and combat [trade-based money laundering (TBML)] nefarious and complex criminal activity." Both play a vital role in effectively combating ML/TF and protecting the integrity of the international trade system. Within said role, FIUs monitor suspicious transactions and obtain and disseminate a broad spectrum of financial intelligence within different sectors at the national and international levels. Meanwhile, customs authorities identify, intercept and dismantle organised groups and terrorist activities that abuse the global trade system through their role of supervising and monitoring the movement of individuals, cash and goods across borders. Despite the global growth in using virtual assets and other non-physical forms of currency (e.g., stored value cards), cash remains a preference for different criminal and terrorist groups. Similarly, currency-equivalent commodities such as gold and precious stones are preferred due to their high liquidity and their characteristic of being used as a means of exchange or transmitting value.

This is in addition to misusing the sector of money transfer remittances, including money service business (MSB), which refers to "non-bank financial institutions that provide certain types of financial services." These types of financial services include currency exchange and money transmission and remittance, as is the case with the services provided by exchange houses. In different cases, ML through money remittance and exchange houses could also involve other, different criminal activities such as drug and human trafficking and smuggling. In addition, a higher level of risk could be encountered if such a business were owned/controlled by criminal groups or corrupted employees who might allow criminals to access their services. The UAE's multicultural community, wherein the majority of the workforce are expatriates, retained the country's position as the second-leading country in terms of total outward remittances annually, following the US. Therefore, a periodic review and examination of MSB transactions are required in order to protect the integrity of the country's financial services.

# 2022 HIGHLIGHTS

The below reports, together with other different sources of data, contributed to producing the four strategic analysis reports issued in 2022.

Report Name	STR/SAR	DPMSR	IRFI	ISD	ORI	OSD
<b>Total</b>	1436	300,000	274	65	140	26





## 4. Domestic Cooperation

Recognizing the importance of continuous communication and information exchange, the UAEFIU has strategically engaged with key partners to bolster its internal database and access to national data resources. Through consistent dialogue and collaboration with domestic authorities, the UAEFIU has expanded its local data repository and analytical capacity, fostering a robust information ecosystem at the national level.

The UAEFIU has also further developed the Integrated Enquiry Management System (IEMS) and enhanced its functionalities, to comply with international standards and obtaining feedback on the PP cases, where the UAEFIU provide PP with reactive technical reports based on their request. The UAEFIU organised three workshops for all users with live system walkthrough that benefited 199 attendees.

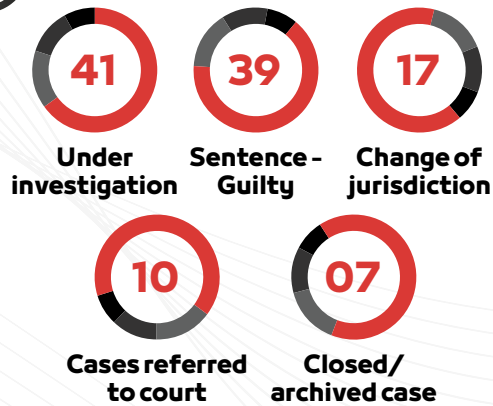
In addition, the UAEFIU was able to assist law enforcement authorities and support their parallel financial investigations in ML cases and related predicate offences by providing financial intelligence and analysis of data available directly or indirectly to the UAEFIU including local databases, open sources, and information from competent UAE authorities and counterpart FIUs.

The UAEFIU takes a continuous developing approach to enhance its analysis related to reactive technical reports prepared upon request of the Public Prosecution. The UAEFIU has taken improvement measures and effective fundamental changes to the procedures used in preparing these reports, to include analysis of information from all the available databases. The UAEFIU has also **branded out** in its analysis to connect the suspects in ML/TF cases and provide the prosecution with details of financial transactions between the related parties, which facilitated the process of tracking criminal proceeds by the responsible LEA officers, and facilitate requests for MLA.

# 2022 HIGHLIGHTS

## LEAs & PP feedback

Received feedback from the PP on the technical reports submitted as follow



## IEMS Request

Received 3,742 request in ML and related predicate offences from PP, LEA, and other

## Technical Reports

Submitted 303 technical reports  
291 in ML and 12 in TF cases to PP

## Team Participations

Participated in 13 Joint Committee/Interrogations with PP to support their ML/TF investigation

## 5. Policy

The policy function of the UAEFIU is mandated to maintain the policies and procedures including the Standard Operating Procedures (SOPs) of the different sections, and provide the different functions of the UAEFIU with the legal advice on AML/CFT related issues which might arise from the daily operations of these functions and from dealing with the local and international stakeholders.

Building on the experience gained by the policy function from being a member of the national teams which drafted the main legislations related to AML/CFT and counter proliferation (like the AML decree law and its by-law, the cabinet decision regarding beneficial ownership, the cabinet decision regarding local terrorist lists and UNSCRs, cash declaration regulations, national guide for information and financial investigations and investigations in ML), the policy function is coordinating with different stakeholders in developing, updating, amending notices, circulars, guidance and best practices related to AML/CFT on a national level.

# 2022 HIGHLIGHTS



The UAEFIU participated in reviewing and amending 20 documents during 2022, in coordination with the CBUAE, and other supervisory authorities and stakeholders. These documents included guidelines, notices, manuals, reports, procedures, MoUs and regulations.

Type	Subject
<b>Report</b>	Drafted the UAE follow up report related to FATF Recommendation 29
<b>Procedures</b>	Drafted the internal audit task within the policy function of the UAEFIU
<b>Report</b>	Drafted a response to the self-assessment questionnaire for central banks on CLS's currency eligibility criteria
<b>Regulation</b>	Drafted the CoFIU Office R&Rs and JDs
<b>Report</b>	The UAEFIU annual report 2021
<b>Regulation</b>	Non-Disclosure Undertaken (NDU) to be used by the UAEFIU when dealing with external companies
<b>Report</b>	Drafted a report regarding Status of Registrar in Countries rated as substantial in IO5
<b>Report</b>	Drafted a report regarding the UAEFIU functions and structure
<b>MoU</b>	Three MoUs with domestic stakeholders
<b>Report</b>	Drafted report regarding the FIUs powers to freeze funds

Type	Subject
<b>Guidance</b>	Legal protocol for the creation of platform for sharing operational information among FIs by PPP-SC
<b>Website</b>	Reviewed the contents of the Executive Office website
<b>Guidance</b>	Guidance on Digital ID for CDD
<b>Notice</b>	14 different templates of the UAEFIU for freeze, search, and unfreeze
<b>Notice</b>	MOJ notice to lawyers regarding the REAR report on goAML
<b>Notice</b>	MOE notice to real estate dealers regarding the REAR report on goAML
<b>Manual</b>	National Manual for Financial Investigations in ML
<b>Guidance</b>	Guidance for licensed financial institutions on the risks relating to politically exposed persons
<b>Regulation</b>	Amendment of Cabinet Decision No. (10) of 2019 – AML/ CFT Executive Regulations
<b>Guidance</b>	Guidance for licensed financial institutions on the risks relating to new payments products and services

## 6. Outreach

The UAEFIU continued to fulfil its mandate to conduct outreach sessions to increase the AML/CFT awareness of FIs and DNFBPs, and with other AML/CFT supervisory or law enforcement authorities.

The UAEFIU intensified its training and engagement efforts in 2022 by organising and participating in more 92 training workshops, and conducting outreach sessions and roundtable meetings with approximately 12,000 reporting entities. This resulted in better outcomes and tangible improvements in the human resource capabilities within the UAEFIU, and better implementation of AML/CFT best practices by the reporting entities in the country.

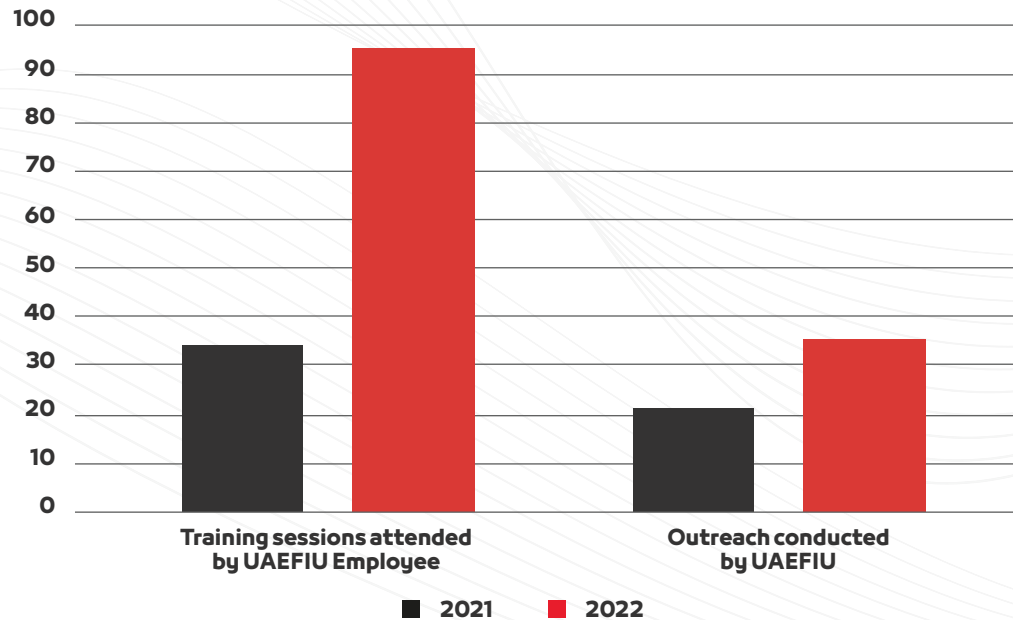
The Real Estate Activity Report (REAR) threshold report was also developed in collaboration between the outreach and SIS functions of the UAEFIU and strategic partners; Ministry of Economy and Ministry of Justice. This reporting mechanism went live and became a mandatory requirement on both sectors in July 2022.

The UAEFIU has worked closely as well with the Egmont Group training arm (ECOFEL) and the United Nations Office on Drugs and Crime (UNODC) to introduce e-learning modules on cross-border cash smuggling. The modules were launched successfully and are available globally for all personnel in competent authorities.



# 2022 HIGHLIGHTS

## Training & Outreach 2021 vs 2022



## Workshops delivered to other authorities

**1**  
Competent Authority

**2**  
DNFBPs

**3**  
Financial Institutions



**8,023**  
Attendees

## 7. Strategy

One of the support function that is tasked with developing the UAEFIU strategy and its yearly operational plan. Strategy Function plays a critical role to the overall internal monitoring and oversight and in liaising with domestic competent authorities to support the implementation of the UAE National Strategy on AML/CFT and the National Action Plan.

The oversight includes a periodic review and analysis of statistics, projects or initiatives and KPIs as part of the UAEFIU operational plan or jointly with strategic stakeholders.

The support function also looks after enhancing the overall efficiency of the UAEFIU's operations and the effectiveness of outcomes on an ongoing basis to ensure the sustainability of growth and improvement, in line with the national priorities and international best practices. This can only be achieved through continuous oversight, monitoring and uninterrupted dialogue with the strategic local and international stakeholders.

The UAEFIU strategy is a reflection of two major pillars:

- First is our legal mandate and functions, national policies and directions, domestic and international stakeholders' needs and expectations, as well as international best practices.
- Second is our aspirations for the future in terms of impact, effectiveness and growth.

Our vision is "to be a leading FIU in the protection of global financial integrity, peace, and security."

When it comes to how the UAEFIU will achieve its vision, this is clearly described under the mission statement, "To produce actionable financial intelligence for the fight against money laundering, its predicate offenses and terrorist financing, at both the national and international levels, through the continuous enhancement of subject matter expertise, methods, and technology."

The implementation of the UAEFIU strategy is ensured through the setting of objectives and the development of the yearly operational plan.

Our five strategic objectives are:

1. Enhancing the quality of financial intelligence at the strategic and operational levels
2. Solidify the UAEFIU's standing at the global level
3. Strengthening the UAEFIU's standing domestically and support to other agencies within the national AML/CFT framework
4. Strengthening the UAEFIU's partnership and collaboration with the private sector
5. Reinforce the UAEFIU's organisation, resources and capabilities

The yearly operational plan is considered as a roadmap to implement our strategic objectives and priorities over time. It is also a great support and a guide for the UAEFIU sections in their day-to-day operations.

On yearly basis, the UAEFIU, in conjunction with its strategic partners, assesses and evaluates the extent to which three major goals are achieved via multiple channels. The results are the primary base of the next operational plan development:

- Financial intelligence disseminated by the UAEFIU is considered useful by domestic authorities for their investigations of ML/TF offences.
- The UAEFIU disseminates strategic intelligence to help inform the UAE's understanding of ML/TF risks and develop effective policies and strategies to mitigate them.
- The UAEFIU rapidly provides the widest range of international cooperation to its counterparts, both spontaneously and upon request, in relation to money laundering, associate predicate offences and terrorist financing.

As a result of the UAEFIU's successful strategy, great results are achieved.

## 8. Systems Infrastructure

One of the support functions of the UAEFIU aims to achieve the UAEFIU goal to become one of the top FIUs worldwide for its advanced technology, utilizing innovation, optimization and standardization.



## Main systems used by the UAEFIU:

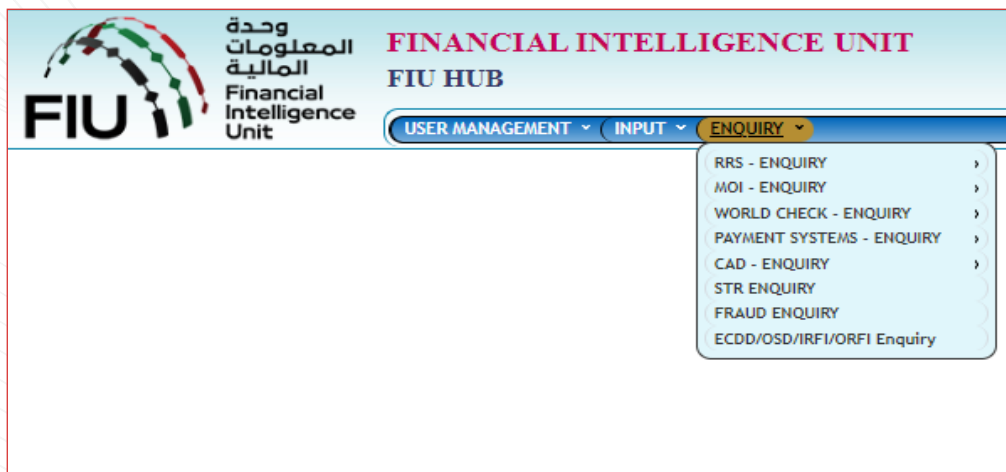
### 1. goAML:

UAEFIU uses four modules of the goAML:

- **goAML Web Interface:** Used by external entities i.e. reporting entities, supervisory bodies, law enforcement authorities and the Executive Office for Control & Non-Proliferation
- **goAML Client Application:** For UAEFIU's internal use
- **goAML Business Intelligence and Data Warehousing:** For the UAEFIU to create dashboards for statistics and MIS
- **goIntel:** To connect the goAML Client Application with other data sources external to it

### 2. FIU Hub:

The FIU Hub is an in-house built data hub. It is a user-friendly interface built over all the databases that the UAEFIU has access to. The interface facilitates search and fetching of required data across multiple databases.



### 3. Integrated Enquiry Management System (IEMS):

This system is a communication platform that the UAEFIU uses to communicate with domestic stakeholders.



### 4. FIU Enquiry Portal:

This is a user-friendly interface built over the goAML database; it is intended for the use of the external stakeholders. The privileges to this system are access driven e.g. STR information.



# 2022 HIGHLIGHTS



## • The IEMS was enhanced by the following functionalities:

1. Linking cases through the system by names and case number for the same entities within the same authority, which will help them to identify the links between subjects and will allow them to have full picture of the case
2. A Track option will be available for the requests, where LEAs will be able to see FIs' (initial) responses before they receive the UAEFIU's technical reports and final response, allowing them to view and analyse FIs' replies and documents such as account opening forms, bank statements, remittance details, etc.
3. LEAs can re-open completed requests, keeping the same reference number but setting a different date of creation, in order to preserve the sequence of cases
4. The system has a dropdown list for two main crimes: money laundering and terrorist financing. Under the money laundering, there is the option to choose from 21 predicate offences which will provide accurate statistics about each one
5. Feedback feature:
  - **External:** after the completion of all cases by the UAEFIU, LEAs have to provide the UAEFIU with feedback from their cases including how the technical reports and FIs documents assisted them during their analysis as well as the case outcome
  - **Internal:** feedback will benefit the UAEFIU in showing the effectiveness of the information provided in their technical reports and will help the UAEFIU sections to conduct their analysis



• A new goAML report was introduced, the Real Estate Activity Report, to enhance the level of intelligence disseminated to LEAs in the UAE.

2020	2021	2022	Report Name	Description
<b>STR</b>	<b>STR</b>	<b>STR</b>	Suspicious Transaction Report	Suspicious transaction with details of bank accounts/statements
<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	Suspicious Activity Report	Suspicious activities without the bank account/statement details
-	<b>FFR</b>	<b>FFR</b>	Fund Freeze Report	Full name match to targeted financial sanctions lists
-	<b>PNMR</b>	<b>PNMR</b>	Partial Name Match Report	Partial name match to targeted financial sanctions lists
-	<b>DPMSR</b>	<b>DPMSR</b>	Dealers in Precious Metals and Stones Report	Used for reporting cash transactions and international wire transfers above AED 55,000 in the DPMS sector
-	<b>HRC</b>	<b>HRC</b>	High Risk Country Transaction Report	For transactions and activities related to FATF high risk jurisdictions/countries
-	<b>HRCA</b>	<b>HRCA</b>	High Risk Country Activity Report	
-	-	<b>REAR</b>	Real Estate Activity Report (REAR)	Used for reporting cash transactions, crypto transactions and international wire transfers above AED 55,000 in the real estate sector

# ANNEX **ANNEX** ANNEX

# UAE AML/CFT LEGAL FRAMEWORK UPDATES IN 2022

## **1. Cabinet Decision No. (24) of 2022 concerning the executive regulations of the Decretal Federal Law No. (20) of 2018:**

Following the amendment of the Decretal Federal Law No. (20) of 2018 that took place during 2021 by issuing the Decretal Federal Law No. (26) of 2021, the UAE has further enhanced its AML/CFT legal framework during 2022 by revising some of the provisions of the Cabinet Decision No. (10) of 2019 concerning the executive regulations of the Decretal Federal Law No. (20) of 2018 on anti-money laundering and combating the financing of terrorism and illegal organisations (the AML By-law), by issuing Cabinet Decision No. (24) of 2022.

A total of 22 articles have been revised and three new articles have been introduced to the Cabinet Decision No. (24) of 2022. The changes are in line with the latest amendments of the FATF recommendations and consider international best practices, outcomes and experiences from three years of practical implementation of the 2019 Cabinet Decision No. (10).

The major change to the by-law was the introduction of the VASPs to the AML/CFT framework of the country. The VASPs are currently considered as Reporting Entities to the UAEFIU and has legal obligations similar to the FIs and DNFBPs.

## **2. Cabinet Decision No. (111) of 2022 concerning regulating virtual assets and virtual assets services providers:**

In line with the changes in the AML By-law by including the VASPs in the AML/CFT legal framework, Cabinet Decision No. (111) of 2022 assigned the Security and Commodity Authority as the supervisory authority of the VASPs on the federal level in the country.

The decision aimed to regulate the activities of Virtual Assets (VA) in the country; protect the rights of all the parties and the investors in the sector; ensure the effective implementation of the AML law and By-law; and support the country's efforts to provide an attractive investment, economic and financial environment for international companies and institutions working in the VA sector to provide their services in the country.

## **3. Local Law No (4) of 2022 concerning regulating the VA in the emirate of Dubai:**

The law aimed to raise the emirate's position as a regional and global destination in the field of VA by developing investment awareness in the sector of VA; attracting investment and companies in the field of VA; protecting investors and dealers in VA; and providing the necessary systems, rules and standards for organising, supervising and controlling VA platforms, VASPs and everything related to VAs.

# 2022 KEY STATISTICS

This chapter outlines the UAEFIU's most significant statistics in an expansion of data presented in the Overview of 2022 Figures (page 8).

## 1. International Cooperation

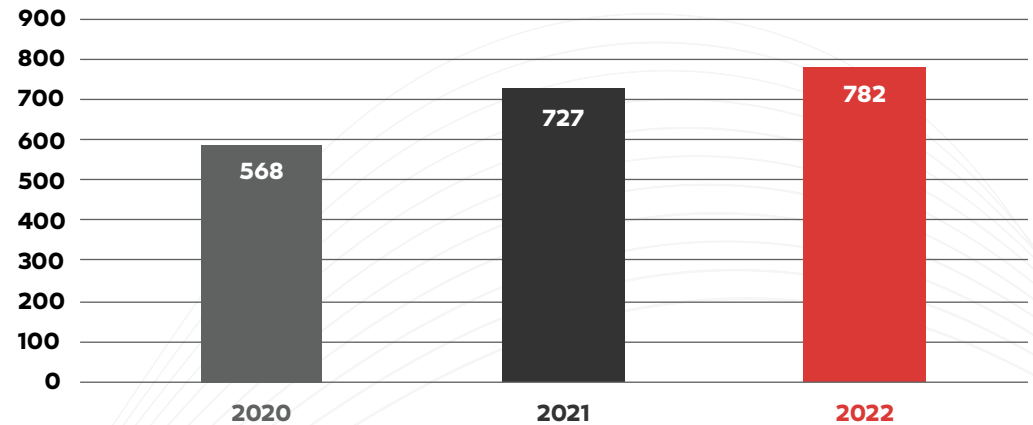
In respect of cooperation with counterpart FIUs, the following are the main involved tasks:

1. Incoming Request for Information (IRI);
2. Outgoing Request for Information (ORI);
3. Incoming Spontaneous Dissemination (ISD); and
4. Outgoing Spontaneous Dissemination (OSD).

The next tables and graphs are related to some of the UAEFIU efforts in the area of international cooperation during 2022.

### 1. Total Number of IRIs from Counterpart FIUs from 2020 to 2022

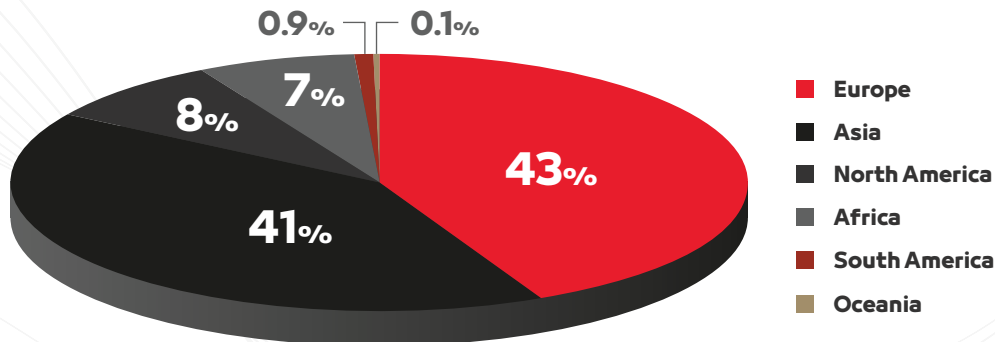
**IRIs received from counterpart FIUs**  
01/01/2020 to 31/12/2022



## 2. Regions UAEFIU received Requests for Information (IRFIs) from in 2022

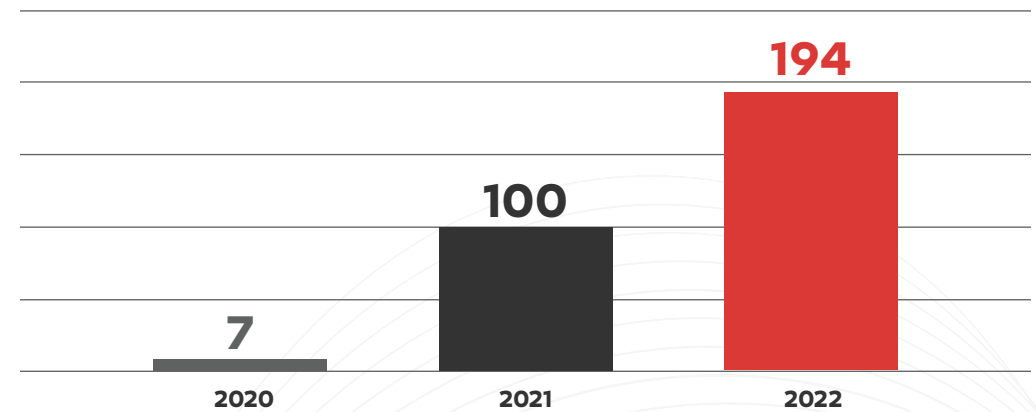
Region	No. of IRFIs
Europe	43%
Asia	41%
North America	8%
Africa	7%
South America	0.9%
Oceania	0.1%
<b>Grand Total</b>	<b>100%</b>

**No. of IRFIs**  
01/01/2020 to 31/12/2022



## 3. Total Number of OSDs to Counterpart FIUs from 2020 to 2022

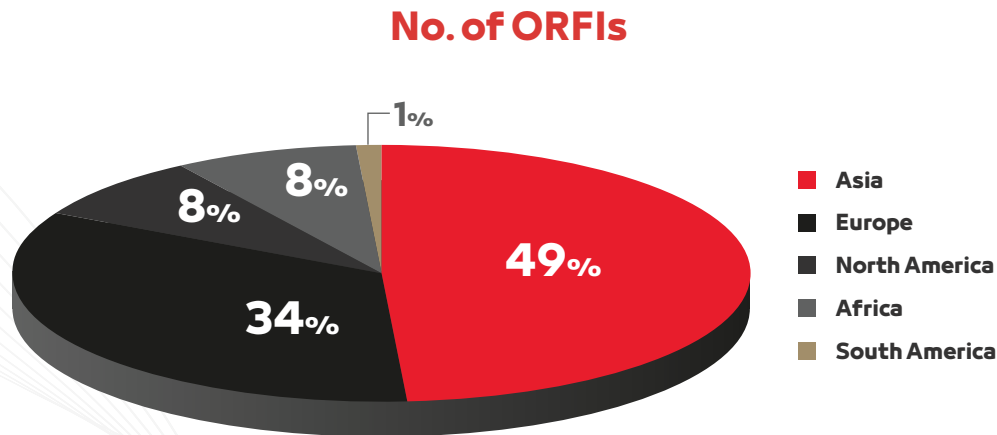
**OSDs sent to Counterpart FIUs**  
01/01/2020 to 31/12/2022





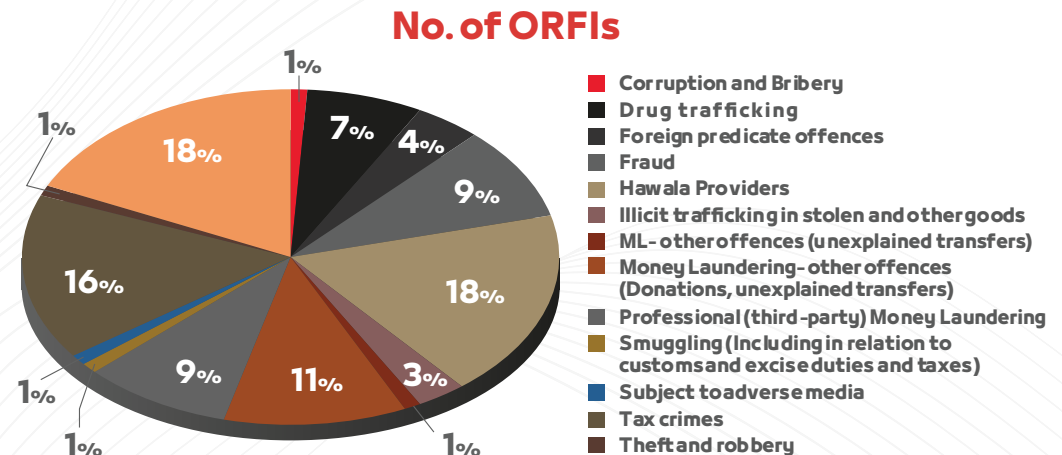
#### 4. Regions UAEFIU sent ORFIs to in 2022

Region	Volume of ORIs
Asia	49%
Europe	34%
North America	8%
Africa	8%
South America	1%
<b>Grand Total</b>	<b>100%</b>



#### 5. ORFIs to counterpart FIUs) by offence/suspicion

Offence / Suspicion	% of ORFI
Corruption and Bribery	1%
Drug trafficking	7%
Foreign predicate offences	4%
Fraud	9%
Hawala Providers	18%
Illicit trafficking in stolen and other goods	3%
ML- other offences (unexplained transfers)	1%
Money Laundering- other offences (Donations, unexplained transfers)	11%
Professional (third-party) Money Laundering	9%
Smuggling (Including in relation to customs and excise duties and taxes)	1%
Subject to adverse media	1%
Tax crimes	16%
Theft and robbery	1%
Trade-based money laundering (TBML)	18%
<b>Grand Total</b>	<b>100%</b>



## 2. Operational Analysis

In respect of operational analysis of STRs, SARs, and other reports received from Reporting Entities (RE), including FIs, DNFBPs, and VASPs, the following are the main involved tasks:

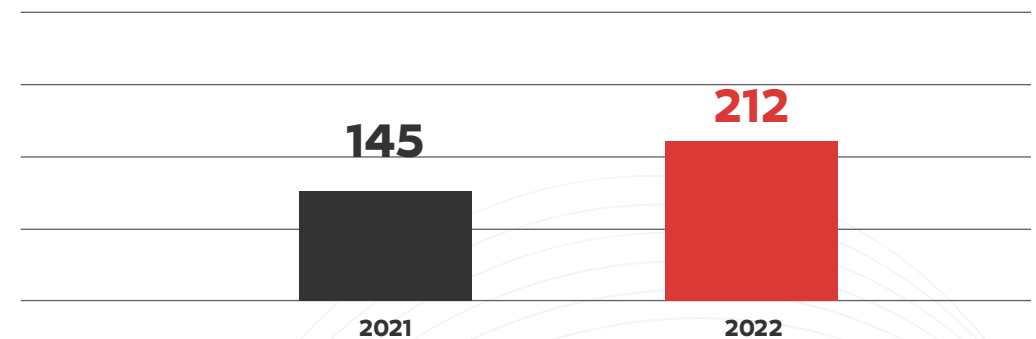
1. Receiving reports from REs;
2. Reviewing and prioritising;
3. Collecting data and analysing; and
4. Disseminating cases to LEAs.

The below tables and graphs are related to some of the UAEFIU efforts in the area of operational analysis during 2022.

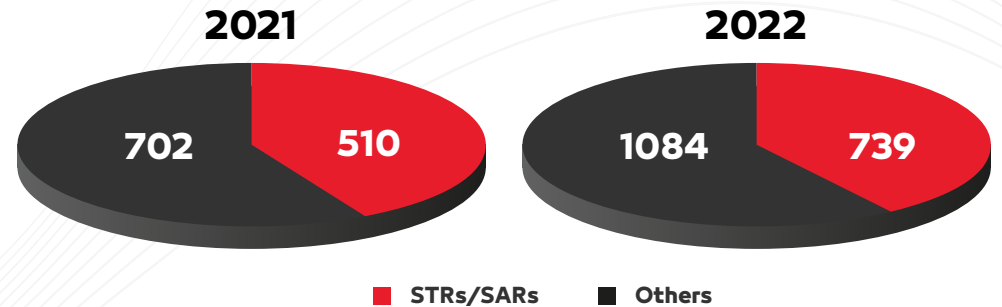
### 1. No. of Cases (incl. Reports) Disseminated to the LEAs

#### Number of Disseminations to LEA

2021 Vs. 2022



#### Number of Reports Included in the Disseminations



The volume of cases disseminated to the LEAs in 2022 rose by approximately 46%, compared to the 2021 figure. A similar increase occurred in the types of cases analysed across a wide range of typologies, these include the following:

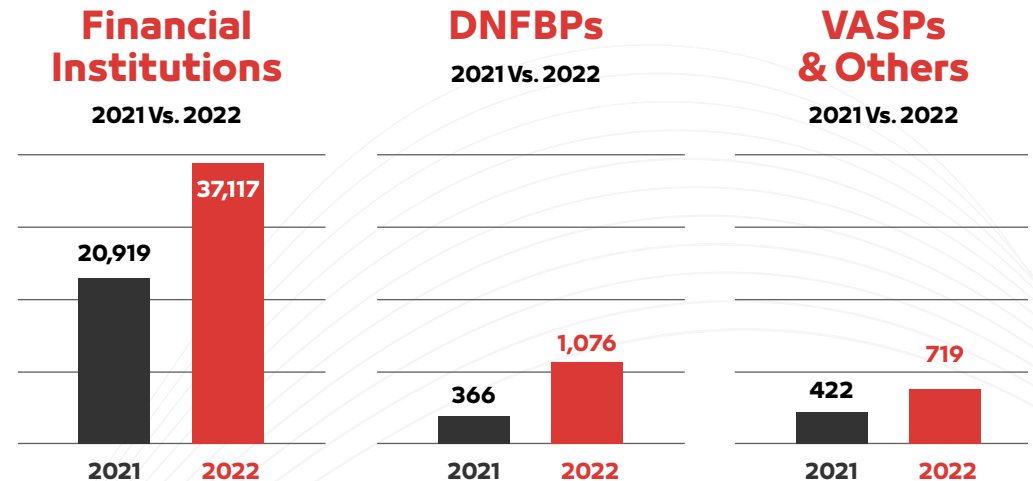
## 2. Typologies related to cases analysed during 2022

Typologies	Count of Dissemination	Percentage
Professional 3rd party ML or networks of 3rd party laundering	56	26.42%
Fraudulent transfer (domestic and international fraud recall)	30	14.15%
Trade-based ML	28	13.21%
Laundering the proceeds of drug/ human trafficking	27	12.74%
Case involved complex ML methodologies and/or businesses/ companies in higher risk sectors, cash, PMS smuggling and dealers in PMS.	26	12.26%
The laundering in UAE of proceeds from foreign predicate offences (including direct and indirect tax crimes)	12	5.66%
ML through hawala activities (unlicensed)	9	4.25%
Linked to sanctioned parties/countries	9	4.25%
Subject to adverse media	3	1.42%
Possible terrorist financing	11	5.19%
Dual use products	1	0.47%
<b>Grand total</b>	<b>212</b>	<b>100%</b>

## 3. Total Number of Reports received by Sector

In 2022, the UAEFIU received 33,459 STRs and 5,453 SARs (total of 38,912 reports), of which FIs submitted 95% (37,117 reports). DNFBPs filed 1,076 reports (3%), in addition to 719 reports from VASPs and others (2%).

The below graphs illustrate the change in volume of reports filed by each sector to the UAEFIU during 2022 in comparison to 2021.



Overall, there was a 79% increase in the total reports received in 2022.

DNFBPs filling (including real estate agents and brokers, DPMS, lawyers and notaries, accounts and auditors, and trusts and CSPs) surged by around 200%.

The reports received from VASPs sector and supervisory authorities also increased by 70% during 2022.

### 3. Domestic Cooperation

In 2022, UAEFIU received 3,742 requests for specific financial or non-financial information – 868 on juridical persons, 2,727 were on natural persons and 147 on bank account numbers. The tables below illustrate the requests received from relevant stakeholders.

Request Type	Total 2022
Account review and analysis Report	122
Database - STR Arabic rephrasing	7
Database - STR Search	780
Joint Committee/Interrogations	13
Requests to Foreign FIU	12
Search and Freeze to all FIS	423
Search and Freeze to specific FIS	79
Search to all FIS	1,901
Search to specific FIS	304
Unfreeze to all FIS	71
Unfreeze to specific FIS	30
<b>Grand Total</b>	<b>3,742</b>

The second table represents the count of requests received from LEAs based on the case category.

Case Category	Subject of Inquiry			
	Juridical Person	Natural Person	Account No.	Total
Any proceeds resulting from a felony or misdemeanor	17	26	1	44
Drug trading	2	29	18	49
Breach of trust	1	5		6
Corruption and bribery	107	64	1	172
Counterfeiting currency	1	10		11
Extortion		1		1
Forgery	3	12	1	16
Fraud	115	241	44	400
Fraud cybercrime	3	89	2	94
Gambling		1		1
General inquiry	5			5
Illicit trafficking in narcotic drugs and	1			1
Illicit trafficking in narcotic drugs and psychotropic substances	29	190	12	231
Illicit trafficking in stolen and other goods	8	6		14
Money laundering	512	1,793	62	2,367
Murder, grievous bodily injury		9		9
Participation in an organised criminal group and racketeering		1		1
Proliferation	2			2
Robbery or theft	2	36	2	40
Smuggling; (including in relation to customs and excise duties and taxes)	3	54		57
Tax crimes (related to direct taxes and indirect taxes)	14	7		21
Terrorism financing	9	27		36
Terrorism, including terrorist financing	32	114		146
Trafficking in human beings and migrant smuggling		5		5
Illicit money transfer	2	7	4	13
<b>Grand total</b>	<b>868</b>	<b>2,727</b>	<b>147</b>	<b>3,742</b>



## 4. List of Risk Indicators

### I. Fraud Crimes, Trends and Typologies Report

- A customer submitting documents suspected to contain any materially false, fictitious, or fraudulent statement or entry.
  - A customer knowingly falsifies, conceals, or covers up via any trick or scheme a material fact or makes any materially false statement or representation.
  - Discrepancies observed between reported facts, observed data, and/or supporting documentation.
  - Inadequate or apparently altered supporting documentation (such as, alterations to any vital information, scraps, spelling mistakes, etc.).
  - Supporting documents that contains vendor receipts and/or other supporting documents that appear to be altered (obvious white-out areas, cuttings, deletions).
  - 'Funds recall requests' received from different remitting banks on the same beneficiary.
  - Funds received via wire transfers (international or local) from unrelated parties, followed by immediate withdrawals or outward remittances.
  - Incoming funds transfer followed by 'Funds recall request' from the remitting bank.
  - Frequent incoming funds transfers from unrelated parties to a newly opened account(s).
  - Insufficient justifications obtained from the account holder on the received funds, or a customer that clearly unaware of the purpose and source of funds received in the account.
  - Accounts opened for 'Salary' purpose especially individuals as low-income workers with no actual salary income witnessed in the account, instead the account receiving multiple remittances or deposits from unrelated parties.
- Other 'Red flag' indicators (Financial/Behavioral):**
- Unusual transactions or inter-account transfers (including relevantly small amounts).
  - Rising costs with no explanation or that are not commensurate with an increase in revenue.
  - Employees who appear to make a greater than normal number of mistakes, especially where these lead to financial loss through cash or account transactions.
  - Employees who are subject to complaints and/or tend to break the rules and who also request details about proposed internal audit scopes or inspections.

## II. Report on Dealers in Precious Metals and Stones (DPMS)

- DPMS entity has a peculiar structure that is unreasonable and complex, e.g., there is potential involvement of shell companies, a parent or subsidiary of an offshore company, in which the UBO is difficult to identify or cannot be identified (whose main purpose is to hide the UBO and/or disguise fund transfers as a capital transfer or normal business transaction).
- DPMS set up as a front company (presence of real business activity; use to commingle legitimate and illegitimate funds, mainly used effectively in cash-intensive businesses).
- Large and complex transactional behaviors for newly established entities as DPMS.
- Unnecessarily maintaining multiple bank accounts for the same entity (DPMS), or opening accounts under the names of employees.
- DPMS entity or its representatives are transacting outside of the normal monetary system, or are making excessive use of cash transactions.
- DPMS or its representatives are using gold as a medium of exchange.
- The circulation of funds between multiple DPMS accounts, or between 'unrelated' parties which are in different lines of business that might also be suspected of being 'shell companies' (no real business activity; incorporated for ML purposes exclusively).
- The transaction structure appears to be unnecessarily layered and designed to obscure the true origin of funds.
- DPMS entity's owners, shareholders, or authorized signatories, or any of its counterparties, have been the subject of adverse news from a trusted media source.
- DPMS or any of its controlling persons, or its affiliates, have been found to be associated with a high-risk jurisdiction.
- DPMS entity that is heavily engaged in cross-border cash movement.
- DPMS entity repeatedly depositing large cash amounts in an account, or exchanging foreign currencies, which is supported by 'cash declaration forms,' also known as DRIC forms (Declaration Regarding Importation of Cash).
- DPMS or its representatives fail to provide a 'customs declaration' in relation to a local/foreign currency cash deposit related to buying/selling precious stones.
- DPMS entity engages in transactions and shipping routes or methods that are inconsistent with standard business practices.
- Contracts, invoices, or other trade documents provided by a DPMS have vague or missing descriptions, appear to be counterfeit (including false or misleading information), include a resubmission of previously rejected documents, or are frequently modified or amended.
- DPMS entity or any of its counterparties appear to import precious metals and stones that originate from a country in which there is limited production or no mines at all.
- Deposits or transfers are received in a DPMS account followed by the immediate transfer of similar amounts to another jurisdiction.

- DPMS entity and its associates, or multiple individuals (external parties), excessively conduct foreign exchange transactions (FOREX) without any business rationale.
- Payment for imported PMS made by an entity other than the consignee for no clear business reason, e.g., by a shell or front company not involved in a trade transaction.
- Cash deposits or other transactions of a DPMS entity (or its representatives) are consistently just below the relevant reporting thresholds (transactions conducted by multiple individuals to avoid reporting requirements).
- Transactions in a DPMS account(s) are seemingly of a pass-through nature, with funds directly debited via wire transfers leaving a low balance in an account.
- DPMS entity(s) excessively obtain loans or credit facilities, which are settled before the due date through cash or cheque repayments.
- DPMS entity(s) transfer payments amongst each other, which are related to 'borrowings' or 'loans' that is referred to as 'back-to-back' or 'loan-back'.

### III. Far East Typology Patterns and Schemes

- A rapid movement of funds via inward wires from multiple counterparties, internal transfers, cash and cheque deposits, or customers' own external accounts, followed by outward wires toward other corporate or customers' own accounts in the UAE or in Far East countries.
- A new established legal entity (licensed for trade activities, as mentioned previously) with a significant difference between the reported turnover in the KYC and the actual turnover.
- A change in name and ownership of an entity following its establishment.
- UBOs who are most likely in their late twenties or early thirties and from, but are not limited to, South Asian countries.
- No rationale behind a large volume of inward and outward transactions from/to the identified Far East route over a short span of time (on the same day or on consecutive days, or over a few months).
- Inconsistency between account activities and turnover and the profile of the customer and the nature of the business.
- Employing dormant accounts or accounts with no observed business transactions until a sudden surge in the flow of funds by means of the Far East route.
- No actual business activity or operational expenses being observed in the company account.
- Corporate accounts being opened in different currencies to receive or send money while left with a low or nil balance.
- Difficulty in identifying or establishing the relationship between the customer and trading counterparties or ultimate buyers.
- Phantom shipments including trade document fabrication, the misrepresentation of goods and services, and price manipulation.

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| <ul style="list-style-type: none"> <li>• Customer failure or reluctance to provide a complete set of documents to substantiate account activity (such as the shipment of goods, valid bills of lading, clear trading settlement arrangements, custom clearance certificate, etc.).</li> </ul> |
| <ul style="list-style-type: none"> <li>• The business background of a UBO or the nature of a business cannot be validated in the public domain (e.g., no website for the business).</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Counterparties having a different line of business and there being difficulty in establishing the nature of customers' business.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Funds being layered between accounts of mutual counterparties.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• The customer having been found to be transacting (internally/externally) with previously reported entities where the relationship had been terminated due to various ML concerns.</li> </ul>   |
| <ul style="list-style-type: none"> <li>• The supplier of the customer being previously reported due to ML concerns.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• High Value of local remittances and clearing cheques received from (registered) hawaladars/MSB where the information relating to ultimate source of funds could not be established.</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Potential link to using unregistered hawaladars (i.e., involvement of third parties while the ultimate source of funds or remitter details are not known).</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Conducting business with or through Iran Nexus and OFAC-sanctioned entities.</li> </ul>  |

# GLOSSARY **GLOSSARY** GLOSSARY



Term	Description
AML/CFT	Anti-Money Laundering / Countering Financing of Terrorism
AMLSCU	Anti-Money Laundering and Suspicious Cases Unit
AML Law	Decretal Federal Law No. (20) of 2018 and its amendments
AML By-law	Cabinet Decision No. (10) of 2019 and its amendments
CoFIU	Chief of Financial Intelligence Unit
CBUAE	The Central Bank of the UAE
CFT	Combatting the Financing of Terrorism and Illegal Organisations
CSPs	Company Service Providers
DNFBPs	Designated Non-Financial Businesses and Professions
DPMS	Dealers in Precious Metals and Stones
DPMSR	Dealers in Precious Metals and Stones Report
Egmont	Egmont Group of Financial Intelligence
FATF	Financial Action Task Force
FFR	Funds Freeze Report
FIs	Financial Institutions
FIU	Financial Intelligence Unit
FFIU	Foreign FIU
goAML	The Financial Intelligence Unit's Online Reporting Application
HRC	High Risk Country Transaction Report
HRCA	High Risk Country Activity Report
IDR	Inward Dissemination Request
IEMS	Integrated Enquiry Management System
IRI	Inward Request for Information
ISD	Inward Spontaneous Dissemination
KPI	Key Performance Indicator
LEAs	Law Enforcement Authorities

Term	Description
ML/TF	Money Laundering / Terrorist Financing
MLA	Mutual Legal Assistant
MOE	Ministry of Economy
MOJ	Ministry of Justice
MoU	Memorandum of Understanding
MSB	Money Services Business
NAMLCFTC	National Committee for Anti Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations
ORI	Outward Request for Information
OSD	Outward Spontaneous Dissemination
PF	Proliferation Financing
PNMR	Partial Name Match Report
PP	Public Prosecution
RE	Reporting Entities
RFI	Request For Information without Transactions
RFIT	Request for Information with Transactions
RFR	Reason for Reporting
SAR	Suspicious Activity Report
SOP	Standard Operating Procedure
SS	State Security
STR	Suspicious Transaction Report
TBML	Trade-Based Money Laundering
TF	Terrorism Financing
UAERRS	UAE Remittance Reporting System
UNODC	United Nations Office on Drugs and Crime
VA	Virtual Assets
VASP	Virtual Assets Services Provider