

# **UAE GREY LISTING HOW DOES IT IMPACT YOUR BUSINESS?**



## 1. FINANCIAL ACTION TASK FORCE

### 1.1 What is FATF?

The Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog. The inter-governmental body sets international standards that aim to prevent these illegal activities and the harm they cause to society. As a policy-making body, the FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

With more than 200 countries and jurisdictions committed to implementing them, the FATF has developed the FATF Recommendations, or FATF Standards, which ensure a co-ordinated global response to prevent organised crime, corruption and terrorism. They help authorities go after the money of criminals dealing in illegal

drugs, human trafficking and other crimes. The FATF also works to stop funding for weapons of mass destruction.

The FATF reviews money laundering and terrorist financing techniques and continuously strengthens its standards to address new risks, such as the regulation of virtual assets, which have spread as cryptocurrencies gain popularity. The FATF monitors countries to ensure they implement the FATF Standards fully and effectively, and holds countries that do not comply to account.

## 1.2 What is grey listing?

Grey listing is applied to countries with gaps in their anti-money laundering (AML) / countering the financing of terrorism (CFT) regimes and who have committed to swiftly remedy of these gaps. The impact of grey listing means that the country is ranked as high risk and therefore additional layers of compliance and risk-based supervision may be added to the process of accessing foreign exchange markets and international banking. This means enhanced due diligence requirements and higher costs of compliance to key operators within the financial sector.



## 2. GREY LISTING OF THE UAE BY THE FATF

### 2.1 Grey listing

On 4th March 2022, the UAE was added to the list of jurisdictions under increased monitoring (Grey List) by the Financial Action Task Force (FATF). In addition to the previous significant progress demonstrated, the UAE has affirmed commitment to strengthening AML/CFT efforts following the grey listing.



## 2.2 What is the impact?

Cross border or global transactions of Financials Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs) will be subject to increased scrutiny and compliance procedures. FIs and DNFBPs will face continued supervision by regulators assessing their internal processes and controls. This will mean enhanced due diligence process, higher turnaround time and cost of compliance. Companies having interests with UAE (registered in UAE / transaction partner in UAE or others) will have to cater for increased requests for information / supporting documents / source of funds for remittances of foreign currencies.

To sum up:

- Further scrutiny of internal controls before establishing any commercial relationship;
- Enhancement of internal controls in order to satisfy proper robustness for international transactions;
- Further scrutiny and supervision from regulators to ensure that FIs and DNFBPs comply with applicable regulations;
- International transactions will take more time for processing;
- Entities will need to demonstrate a clear understanding of the risks they are exposed to and the controls they have implemented to mitigate them;
- Strengthening of compliance functions which implies requirement for more resources with the right set of skills;
- Continuous and effective training to demonstrate a better understanding of the Money Laundering / Terrorist Financing landscape.



## 2.3 Who are impacted?

The following companies are impacted by the grey listing:

CATEGORIES	TYPES OF COMPANIES
<u>Financial Institutions</u>	Insurance companies
	Wealth management companies
	Wealth advisory companies
	Fund managers
	Investment advisers
	Investment bankers
	Capital brokers
	Payment intermediary service companies
<u>Designated Non-Financial Businesses and Professions</u>	Corporate service providers
	Lawyers
	Accountants
	Auditors
	Real estate agents
	Dealers in precious metals and stones

## 3. HOW CAN WE HELP YOU?

With more than 12 years of existence in several International Financial Centers (IFCs), our team of seasoned experts can support your business / clients with the following:

- Conducting a 'Health Check', designed to help you understand your risks and gaps;
- Drafting bespoke internal control measures & policies crafted around your business model to address AML & CFT deficiencies;
- Drafting of Client Application Forms;
- Drafting of Risk Rating Matrix;
- Drafting of internal & external reports for suspicion transactions;
- Drafting of indicators & procedures for suspicious transactions reporting;
- Drafting of the Business Risk Assessment framework;
- Assistance for FATCA reporting;
- Assistance for CRS reporting;
- UBO / client screening reports;
- Conducting enhanced due diligence requirements;
- Client on-boarding exercise;
- Compliance reviews;
- Transaction monitoring;
- Independent audit;
- Compliance report;
- MLRO report;
- Online trainings on AML/CFT;
- Other compliance related support as and when required.

## 4. OUR PRESENCE



MAURITIUS



UNITED ARAB EMIRATES



SINGAPORE



RWANDA



SEYCHELLES



CHINA



## 5. CONTACT US

**Dharshinee BHEENUCK**

General Manager

(+971) 124 8486

[dbheenuck@juristax.com](mailto:dbheenuck@juristax.com)

27th Floor, Al Saqr Business Tower, DIFC Zabeel 2,  
Sheikh Zayed Road, Dubai, United Arab Emirates

**Taroonah DOOLUB**

Director of International Business

(+230) 5258 8414

[tdoolub@juristax.com](mailto:tdoolub@juristax.com)

27th Floor, Al Saqr Business Tower, DIFC Zabeel 2,  
Sheikh Zayed Road, Dubai, United Arab Emirates