

Guidance for Licensed Financial Institutions on the Risks Relating to Politically Exposed Persons (PEP)

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The Central Bank of the United Arab Emirates (CBUAE) issued the ‘Guidance for Licensed Financial Institutions on the Risks Relating to Politically Exposed Persons’ which aims to assist all Licensed Financial Institutions (LFIs) with their statutory obligation under the legal and regulatory framework in force in the UAE. Below, we have identified the key takeaways from the CBUAE guidance note.

CBUAE Guidance

PEP Screening

“LFIs are required to have suitable risk management systems in place to determine whether a customer, or the beneficial owner of a customer, is a foreign PEP or Related Customer and are required to take sufficient measures to identify whether a customer, or the beneficial owner of a customer, is a domestic PEP or Head of International Organisations (HIO) or Related Customer.”

Enhanced Due Diligence (EDD)

“When a customer (or the beneficial owner of a customer) is determined to be a (...) PEP (...), LFIs must take the following mandatory steps: Obtain senior management approval before establishing a business relationship, or continuing an existing one (...), take reasonable measures to establish the source of funds, including the source of wealth, (...) and conduct enhanced ongoing monitoring of the relationship.”

Transaction Monitoring (TM)

“The transaction monitoring system used by LFIs should be equipped to identify patterns of activity that appear unusual and potentially suspicious for PEPs customers as well as unusual behaviour that may indicate that a customer’s business has changed in such a way as to require a high risk rating.”

Suspicious Transaction Reporting (STR)

“LFIs must file an STR, Suspicious Activity Report (SAR) or other report types with the UAE Financial Intelligence Unit (FIU) when they have reasonable grounds to suspect that a transaction, attempted transaction, or funds constitute, in whole or in part, regardless of the amount, the proceeds of crime, are related to a crime or are intended to be used in a crime.”

Training

“(...) the AML/CFT training program should ensure that employees are aware of the risks of PEP customers, familiar with the obligations of the LFI, and equipped to apply appropriate risk-based controls.”

How we can help

- PEP screening system review and testing
- PEP policy and procedure drafting
- PEP policy and procedure review and enhancement

- EDD process and procedures review and/or enhancement
- Intelligence led transaction screening
- Customer behavior analytics

- Policy and procedure review and enhancement
- Intelligence led continuous monitoring and optimisation
- Trigger event approach design

Please refer to ‘Guidance for Licensed Financial Institutions on Suspicious Transaction Reporting’ for our additional ongoing monitoring value proposition.

- GoAML usage training development and delivery
- STR drafting training development and delivery
- Trigger event approach design

Please refer to ‘Guidance for Licensed Financial Institutions on Suspicious Transaction Reporting’ for our additional STR value proposition.

- Role-specific training development
- Role-specific training delivery

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