

**PEAK INTERNATIONAL  
TRADING CO. L.L.C**

**Targeted Financial Sanctions (TFS)-  
Policy**

## Targeted Financial Sanctions (TFS): Legal Requirements in UAE

The Cabinet Resolution No. 74 of 2020 pertains to the UAE list of Terrorists and the implementation of the UN Security Council decisions to combat money laundering and terrorism financing. The resolution requires all persons- natural or legal, financial institutions, and Designated Non-Financial Business Professionals to fulfil Targeted Financial Sanctions (TFS) obligations.

### Obligations to implement Targeted Financial Sanction to Combat Money Laundering and Terrorism Financing in the UAE

#### Registration:

To get timely and regular updates from the UN security council, the sanctions committee, or the Local Terrorist List of the UAE regarding the new listing, re-listing, or de-listing decisions, all the persons in the UAE must register on the website of the [Executive Office](#).

#### Screening:

It is a necessary process to implement the Targeted Financial Sanctions to combat Money Laundering and Terrorism Financing. All-natural persons and entities in the UAE must screen their transactions and the databases on a regular basis to keep a vigilant eye on any unusual activity and screen their databases and transactions regularly to identify any name matching

All the persons-natural or legal must follow screening tool process to implement the Targeted Financial Sanctions process before the onboarding process and carrying out a transaction. It is necessary to follow the screening process daily and keep themselves posted on the updates in the sanction lists.

The updates are available on the Executive office website and the official website of the United Nations.

They need to regularly screen the following:

- Existing customers' databases / potential customers.
- Parties to any business or transaction.

- Database of the names of potential customers.
- UBOs- Ultimate Beneficial Owner.
- Names of persons and entities with which the customers/ UBOs are directly or indirectly related.
- Screening each customer before establishing a business relationship or carrying out any transaction.
- Directors/ Agents who act on behalf of the customers and those with a power of attorney.

## **Freezing of Accounts**

All persons within the UAE have to resort to the stern measure of freezing of accounts of any person found on the sanction list – the United Nations (UN) list or the UAE Terrorist List. They have to act immediately and with the prior notice within 24 hours, or as the case may be.

## **Duties of the AML Compliance Officer**

The AML compliance officer has to notify the Supervising Authority following in FIU UAE.

- When funds, action, or attempted attempts are identified as required by the relevant UNSCRs or UAE Local Terrorist List
- When a match is found of persons or entities on the sanction lists, the AML compliance officer must provide all the details required by the relevant UNSCRs and Local Lists to the Supervisory Authority.
- When the AML compliance officer finds that previous/occasional customers are listed on the sanction lists of the local list
- If a suspicion arises that an existing or a previous customer is listed or is directly or indirectly related to the listed person
- No action is taken because of false positives, and there's the inability to dismiss or ignore them based on the available information.
- The AML compliance officer should provide all the information of unfrozen accounts- the status and value of the money. They also need to inform about the measures adopted for the unfrozen funds and any other information relevant to such decisions.

- Financial institutions and DNFBPs have to report the information regarding the freezing of the accounts or an attempted action to do the same **within five days to the FIU**.

## **Internal Policy, controls or procedures by entities in the UAE to Targeted Financial Sanctions**

Internal controls and procedures are an integral part of the compliance process as per resolution No. 74 of 2020. It is mandatory to have **internal policy** to prevent the employees from sharing the information of freezing the accounts with the customer or any third party directly or indirectly. When they implement the policy and procedures to mitigate the risks arising from such actions effectively, they need to define the processes for compliance.

## **The obligation to Cooperation**

People in the UAE must cooperate with the Executive Office or the Supervisory Authority, as per the Related United Nations Security Council Resolution or decisions of the UAE Cabinet regarding the issuance of the Local Terrorist List. They must freeze or lift the freezing of funds as the case may be without any delay. It is required so that the information submitted is verified and authenticated.

## **Penalties as per the UAE AML Law for Non-Compliance**

Failure to follow the obligations mentioned above by any person- natural or legal will have to pay fines of not less than AED 50,000 (Fifty Thousand Dirhams) and not more than AED 5,000,000 (Five Million Dirhams) and can also be subjected to imprisonment.

