

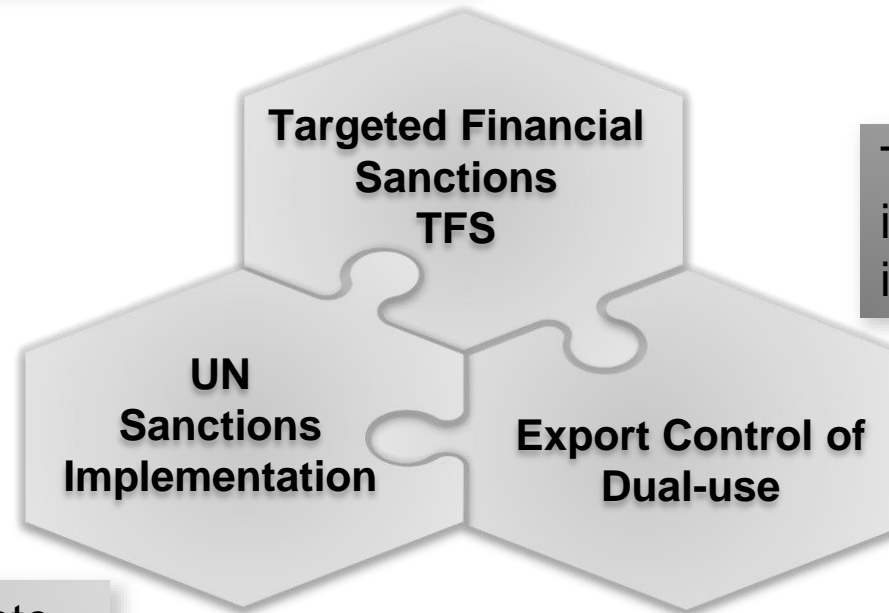
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# Targeted Financial Sanctions Proliferation & Terrorism Financing

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# Executive Office Mandate

National Leader in the UAE to ensure the implementations of Targeted Financial Sanctions (TFS) imposed by the UAE, UN and FATF standards.



The Authority responsible for import Export control to Dual-Use items

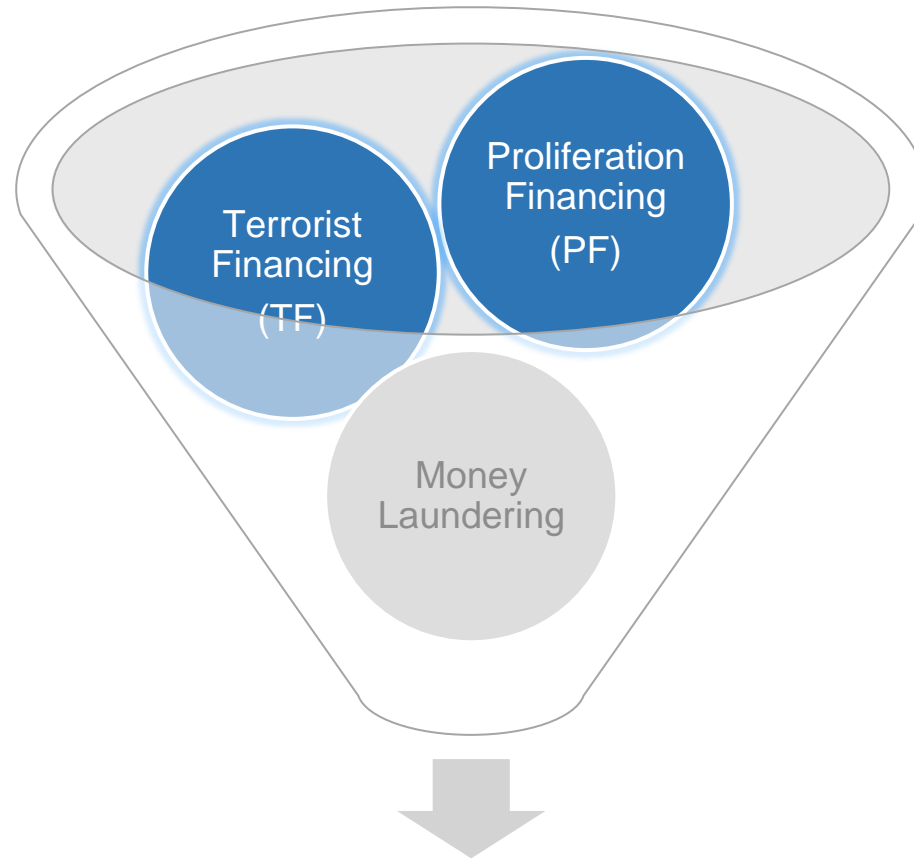
Focal Authority in the UAE to coordinate the implementations of all UN imposed resolutions & sanctions

# Overview

- *What are Targeted Financial Sanctions?*
- *How to implement the Targeted Financial Sanctions?*
- *How to identify sanction evasions?*



# *Illicit financing from an international perspective*



**Executive Office IEC acts a focal point in the UAE to implement Targeted Financial Sanctions (TFS) by combating (TF) and (PF).**

# ***Targeted Financial Sanctions (TFS)***

- The term **Targeted Financial Sanctions** mean that such sanctions are against particular individuals, entities, groups, or undertakings.
  
- The purpose of TFS as follows:
  - To deny certain individuals, groups, organizations, and entities the means to support terrorism or finance the proliferation of weapons of mass destruction.
  
  - To ensure no funds, financial assets or economic resources of any kind as long as they remain subject to the sanction's measures.

# *United Nation Sanction Framework*

- **United Nations Chapter VII**, under **Article 41** defines sanctions as “measures not involving the use of armed force” employed to give effect to UNSCRs.
- **Sanction regimes** focus mainly on supporting the settlement of political conflicts, nuclear non-proliferation, and counterterrorism by measures ranged from comprehensive economic and trade sanctions to more targeted measures.

# *United Nation Sanction Framework*

- Range of sanctions regimes
- Targeted sanctions (i.e. focused sanctions)
  - Travel bans
  - Arms embargoes
  - Sectorial sanctions (i.e. Gold - Kongo, Charcoal - Somalia, etc.)
  - WMD-related goods and materials
- Role of Sanctions Committees and experts
- Today, there are 14 ongoing sanctions regimes
- UN website ([www.un.org](http://www.un.org)) contains details for each regime

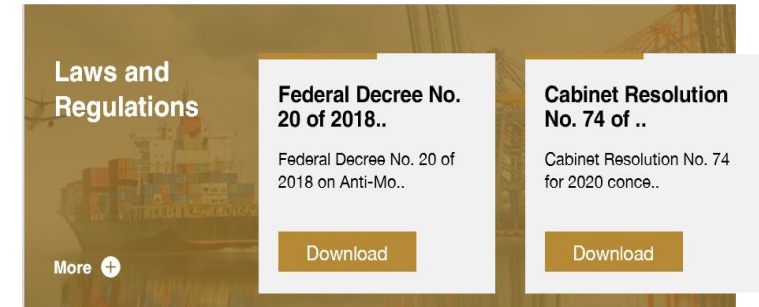
# ***The Financial Action Task Force (FATF)***

- **Recommendations 6 and IO 10:** Terrorism and its financing.
- **Recommendation 7 and IO 11:** Financing of proliferation of weapons of mass destruction.
- **Focus:** Financial aspect of the sanction's regimes
  - Asset freeze
- **Out of scope** but with an impact:
  - Travel bans
  - Arms embargoes
  - Sectorial sanctions
  - WMD-related goods and materials



# UAE Sanctions Legal Framework

- UAE Cabinet issued Resolution (74) in 2020 regarding the designated individuals and Entities.
- State the implementation procedures to prevent and counter financing terrorism and leveraging non-proliferation of weapons of mass destruction, and the relevant resolutions.



|                     |  |
|---------------------|--|
| <b>Article - 15</b> | Freezing Funds As per the Sanctions List & Local Lists   |
| <b>Article - 21</b> | State the FI and DNFPBs obligations and necessary actions to implement the UN and National Sanctions |
| <b>Article - 22</b> | Obligations of Supervisory Authorities   |
| <b>Article - 24</b> | Administrative Measures  |

# TFS Framework



## Targeted Financial Sanctions Framework

As per Cabinet Resolution 74 2020

### Targeted Financial Sanctions

As per FATF Recommendations

#### Terrorist Financing (TF)

- **ISIS & Al-Qaida**  
UNSCR 1267, 1989
- **The Taliban**  
UNSCR 1988
- **UAE Local Terrorist List**  
UNSCR 1373

**FATF RECOMMENDATION 6**  
**FATF IMMEDIATE OUTCOME 10**

#### Proliferation Financing (PF)

- **Democratic People's Republic of Korea (DPRK)**  
UNSCR 1718 (2006)
- **Islamic Republic of Iran**  
UNSCR 2231 (2015)

**FATF RECOMMENDATION 7**  
**FATF IMMEDIATE OUTCOME 11**

### Other UN Sanctions Regime

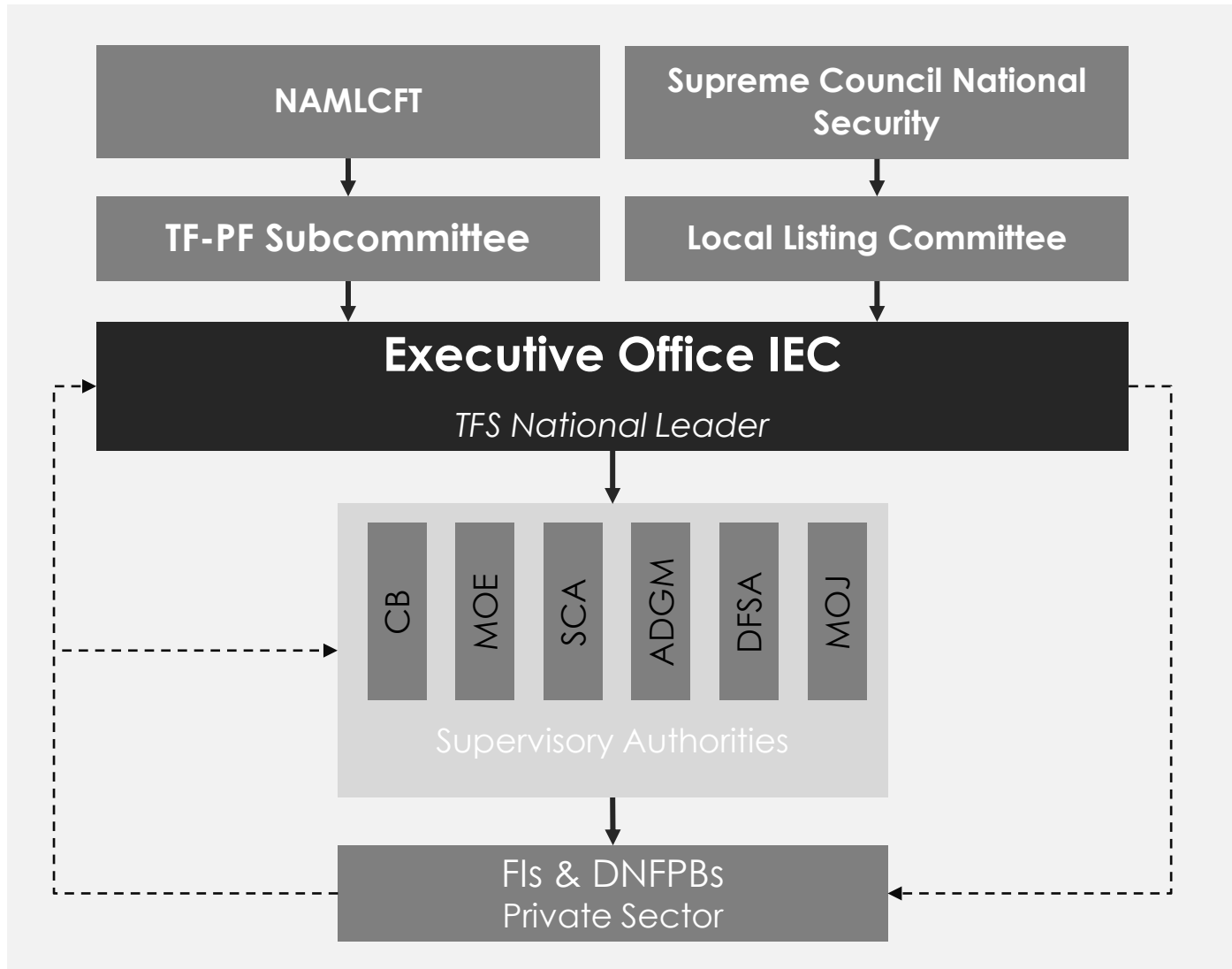
- **Somali** - UNSCR 1844
- **Iraq** – UNSCR 1483
- **Congo** – UNSCR 1596 & UNSCR 1807
- **Libya** – UNSCR 1970
- **Central African Republic** – UNSCR 2127
- **Yemen** – UNSCR 2140
- **South Sudan** – UNSCR 2206
- **Mali** – UNSCR 2374
- **Beirut terrorist bombing** – UNSCR 1636 & UNSCR 1701
- Any other UN Sanction Regime

### Intrnl. Sanctions Regime

- **OFAC**
- **EU**
- **HMT**
- **etc**

Note: implementation of such sanctions depend on guidance and instructions issued by relevant Supervisory Authority

# TFS Ecosystem



- **NAMLCFT:** Develop the national strategy for combatting AML/CFT and assess the national risks.
- **TF-PF Subcommittee:** Propose, develop, and draft policies, regulations, and internal procedures on combatting the financing of terrorism, illegal organizations, and proliferation in coordination with relevant parties.
- **Supreme Council National Security:** Coordinate with Law Enforcement Authorities, the Executive Office, and the concerned agencies in the State to obtain information regarding listing of individuals, groups, or entities that may fulfil the designation criteria, as per a relevant UNSCRs or the Local Terrorist List.
- **Local Listing Committee:** Prepare and propose to the Cabinet the listing of individuals, groups, or entities in the Local Terrorist List.
- **Executive Office IEC:** national lead and liaison to coordinate implementation of TFS with all the federal and local government stakeholders including FI & DNFBPs.

# ***UAE Government Authorities Role***

## **Executive Office**

- Act as a focal point between all the supervisory authorities and other relevant authorities to implement TFS.
- Circulate the names of designated entities and individuals by the UN sanctions and UAE Terrorist list.
- Ensure implementation and compliance of all supervisory authorities to the UN sanctions and UAE Terrorist lists in coordination with the Supreme Council of National Security.
- Analyze private sector TFS reports and provide feedback in coordination with FIU & Supervisory Authorities.
- Increase awareness to the Government and Private sector in regards to Targeted Financial Sanctions (TFS).

## **Supervisory Authority**

- Ensure the relevant licensed (FIs & DNFBPs) has sufficient understanding of their obligation in relation to Targeted Financial Sanctions (TFS) i.e. outreach, training, online guidelines, etc.
- Conduct examination to the relevant sector (FIs & DNFBPs) and ensure compliance UAE decisions and regulations in the field of TFS.
- Ensure relevant (FIs & DNFBPs) has proper control for implementation of TFS.
- Monitor (FIs & DNFBPs) compliance and prescribe remedial action, as well as enforce appropriate penalties.

# Whom Required To Comply

- All Financial Institutions (FI) and Designated Non-Financial Businesses and Professions (DNFBPs) located in the UAE, such as:

## FIs

- Banks
- Exchange houses
- Finance companies
- Brokerage firms  
(Securities/Insurance)
- Insurance/reinsurance companies
- Asset/Fund managers

## DNFBPs

- Real estate agency
- Dealer in precious metals and stones
- Accounting firm, audit firm, insolvency firm or taxation consulting firm;
- Law firm, notary firm or other independent legal business;
- Company Service Provider.

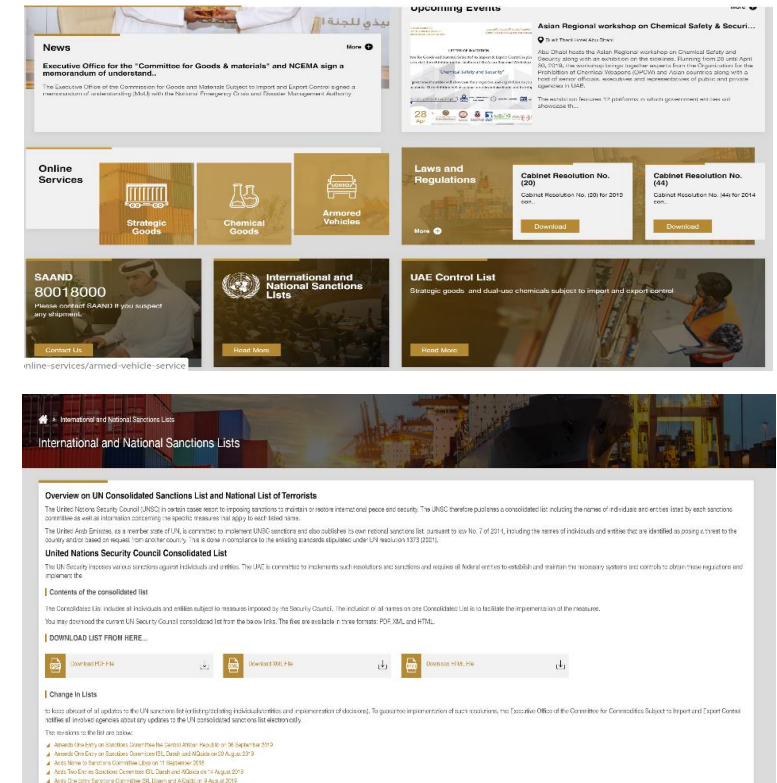
# The Executive Office Website



The Executive Office has published a comprehensive webpage available in English and Arabic

## Objectives of the website:

- Act as a center of knowledge including information & publication for TFS implementation.
- Provide guidance to stakeholders on their obligations.
- Allows users to subscribe to receive latest UAE & UN sanctions updates.
- Explain the grievance procedures for any person affected by freezing measures.



[WWW.UAEIEC.GOV.AE](http://WWW.UAEIEC.GOV.AE)

# Accessing the Lists

- The United Nation Consolidated List and UAE Terrorist List can be accessed from the Executive Office website [UAEIEC.GOV.AE](http://UAEIEC.GOV.AE)
- Both UN and UAE Terrorist lists are updated periodically by adding, deleting and amending.
- Subscribe to the Executive Office mailing list to receive updates takes place on the list.



# ***Funds or Other Assets***

## *Definition*



- Any assets including but not limited to financial assets, economical resources (including oil and other natural resources), property of every kind whether its tangible or intangible, moveable or immovable and legal document or instruments in any form.
  - For example: real estate, securities, local and foreign currency, bank credits, deposits, postal drafts, bank drafts, and letters of credit, jewelry and gold, raw materials, etc.

For more information, please refer to the TFS guideline.



# Freezing & Prohibition of Funds

## Definition



For any designated person listed in the UAE Terrorist List or by the UN Security Council Consolidated List, the following should be taken against identified funds or economic resources owned directly or indirectly:

- Freezing
  - Freeze, without delay (within 24 hrs.) and without prior notice, all the funds owned directly or controlled by the designated person.
  
- Prohibitions of Funds
  - To prohibit of any transfer, conversion, disposition, alteration, use, dealing of funds or economic resources. Which results in:
    - Changing in their volume, amount, location, ownership, possession, nature or destination or that would in any way enable the use of such funds or economic resources for any purpose.

# Freezing & Prohibition of Funds

Overview and examples

## Freeze Funds

- Gold stored in a vault, Freeze the gold, no one can withdraw the gold form the vault.
- Freeze cash in bank accounts.
- Freeze stocks and bonds
- Etc.

TFS

## Prohibition of making funds available

- Buying or selling Real Estate, Freeze the transaction and/or property transfer. If you hold funds or assets freeze the transfer of it.
- Refrain from offering any services to a sanctioned person.
  - Real Estate services
  - Safe keeping of gold
  - Trade in gold
  - Trade in stocks, cryptocurrency, etc.

# ***FI and DNFBPs Main Obligations***



|                          |  |
|--------------------------|--|
| <b>Register</b>          | At the Executive Office website to receive automated updates to the local & UN lists.                                |
| <b>Screening</b>         | Screen daily their customers, potential customers, beneficial owners, and transactions to identify possible matches. |
| <b>Implement TFS</b>     | <ul style="list-style-type: none"><li>▪ Freeze &amp; prohibition of funds</li><li>▪ Report</li></ul>                 |
| <b>Internal Controls</b> | <ul style="list-style-type: none"><li>▪ Internal policies and procedures complying with TFS legislations.</li></ul>  |

# Register and Subscribe

*FIs and DNFBPs Main Obligations*



- The Executive Office of the Committee for Goods Subject to Import and Export Control to receive automated updates to the lists.

Subscribe To Targeted  
Financial Sanctions

Subscribe Now

Subscribe to Targeted Financial Sanctions

All fields with (\*) sign, are mandatory

Individual  Company

Personal Name Arabic \*

Personal Name English \*

Type of Business  
-- Choose --

Subscriber Email \*

Subscribe Close

# Screening

## FI and DNFBPs Main Obligations



- Conduct screening on existing, new, and potential clients to verify any positive names matched with any designated person (Entity or Individual).
- Upon a new update to the relevant sanctions list screen your customer database **without delay** when new names are listed.
- DNFBP's to perform a review including, but not limited to:
  - Purchaser & Seller
  - Financial Institutions including Banks
  - Insurance and re-insurance
  - Shipper and freight forwarders
  - Source of the funds whether it was derived from the asset owned or controlled by a designated person
- Upon screening reasonable measure must be taken to verify and confirm the identity of the customer against the designated person.



***Without Delay: Within hours of a designation by UNSCR or UAE Federal Cabinet***

# Screening

## FI and DNFBPs Main Obligations



### For natural person

- Name
- Aliases
- Date of birth
- Nationality
- ID or passport information
- Last known residency

### For legal persons

- Name (s)
- Aliases
- Address of registration
- Address of branches
- Other information

# Screening

## FI and DNFBPs Main Obligations

### Confirmed Match

A “**Confirmed Match**” is when an individual, group, or entity matches most or all of the identifiers published on the Sanctions Lists.

### Potential Match

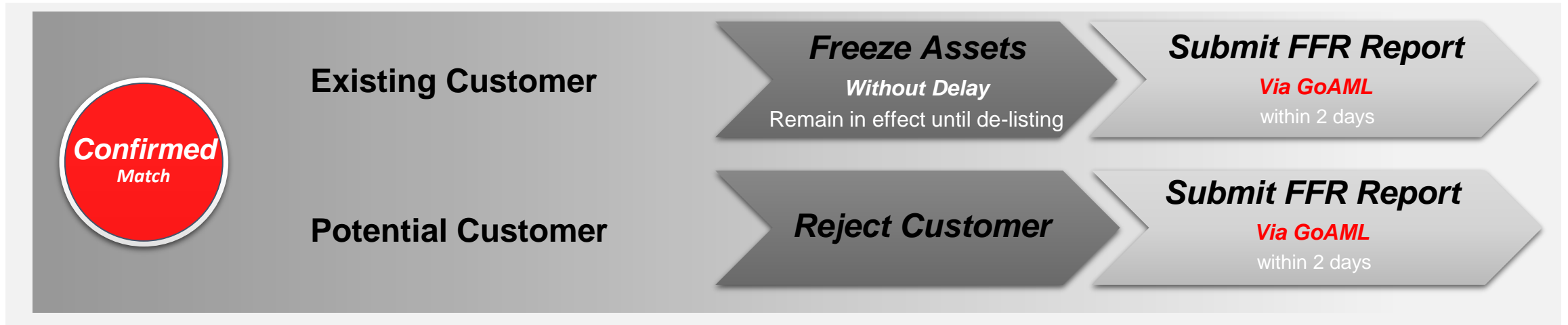
A “**Potential Match**” is when there is any match between data in the Sanctions Lists with any information in your databases.

### False Positive

A “**False Positive**” is a potential match to listed individuals, groups, or entities either due to the common nature of the name or due to ambiguous identifying data, which on examination proves not to be a confirmed or potential match

# Implement TFS

## FI and DNFBPs Main Obligations



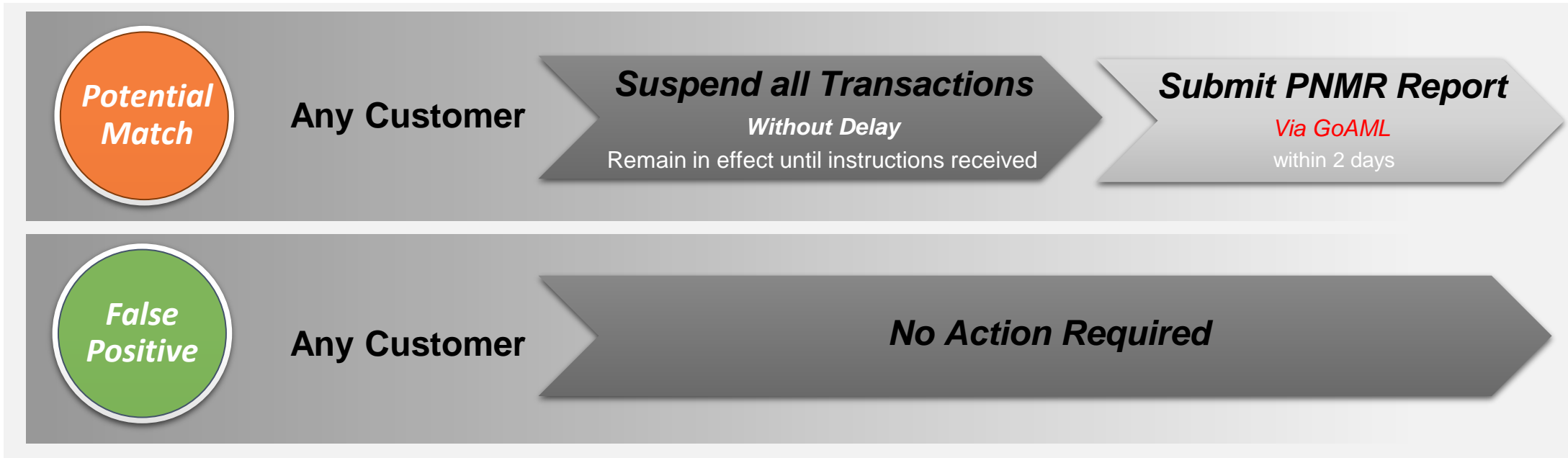
When a '**Confirmed Match**' to a designated individual, group, or entity to the UAE Local Terrorist List or UNSC Consolidated List is identified, FIs & DNFBPs are required to take the following necessary action:

- Freeze without delay and prohibition of making funds or other assets available or provide services. [*You should not close the accounts as it doesn't comply with cabinet Resolution 74 to 2020*].
- Report measures via the **GoAML** platform within two business days by selecting the Fund Freeze Report (**FFR**). The report will be received by the relevant supervisory authority and the Executive Office – IEC.
- Ensure all the necessary information and documents regarding the '**Confirmed Match**' is submitted along with the (**FFR**).
- Freezing measures shall remain in effect until the person is de-listed



# Implement TFS

## FI and DNFBPs Main Obligations



When a '**Potential Match**' to a designated individual, group, or entity to the UAE Local Terrorist List or UNSC Consolidated List is identified, FIs & DNFBPs are required to take the following necessary action:

- Suspend without delay any transaction and refrain from offering any funds or services.
- Report the '**Potential Match**' via GoAML platform by selecting the Partial Name Match Report (PNMR);
- Ensure all the necessary information and documents regarding the name match is submitted
- Uphold suspension measures related to the '**Potential Match**' until further instructions are received from Executive Office – IEC or the relevant supervisory authority.

# Implement TFS - Liability

## FI and DNFBPs Main Obligations



- Freezing and suspension measures shall be taken immediately without delay.
- You don't need any pre-approval from the government authorities to freeze or suspend upon identifying any confirmed or potential match.
- A person (natural or legal) who, in good faith, freezes funds, or refuses to provide services or report information in relation to designated individuals, groups or entities in the UAE Terrorist List or UN consolidated list, shall be exempt from any damages or claims, resulting from such actions.

# ***Non-Compliance***



Violating UAE Cabinet 74 of 2020 can expose the FI or DNFBP to administrative penalties and criminal prosecutions including:

- Increased scrutiny of future actions from the UAE Government
- Supervisory authority may determine a ban of certain individuals from employment within the relevant sectors for a period of time.
- A suspension, restriction, or prohibition of activity, business, or profession causes either revocation or withdrawal of the business license.

Decree Federal Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations

- Art. 60. Every natural or legal person shall immediately comply with the instructions issued by the Competent Authorities in the State concerning the implementation of the resolutions issued by UN Security Council.

***Supervisory measures can be applied regardless of a finding of intent.***

# ***Internal Controls***

## *FI and DNFBPs Main Obligations*



- Must have appropriate internal controls to ensure compliance with the most recent publication of targeted financial sanctions of the UNSC Consolidated lists and the Local Lists.
- Internal controls and procedures to ensure compliance with the obligations arising from Cabinet Resolution 74/2020.
- Policies and procedures that prohibit staff from, directly or indirectly, informing the customer or any third party that freezing action or any Other Measures are going to be implemented as per provisions of Cabinet Resolution 74/2020.

# Sanction Evasion

## Red Flags TFS - TF



TFS – TF evasion activities could be identified when no confirmed or potential match could be identified, but the transaction contain doubtful or suspicious information as per the following red flags:

- Customer is engaging in complex commercial deals and arrangements that seem to be aiming to hide the final destiny of the transaction/good or the beneficial owner, which could be a designated individual, group, or entity. (E.G: the use of a front company, middlemen, or intermediaries by the designated individual to circumvent the targeted financial sanctions).
- Customer is carrying out multiple ATM cash withdrawals in short succession across various locations in territories where sanctioned people have influence or around the border of sanctioned countries linked to terrorist financing.
- Customer is suspected to be working or acting on behalf of, or is controlled by, a sanctioned individual, group, or entity.
- Pattern of wire transfer activity that shows unusual patterns or has no apparent purpose.
- Lack of details regarding reasons for transferring funds.

***Reporting entity should submit an STR to the FIU***

# Sanction Evasion

## Red Flags TFS – PF



TFS – PF evasion activities could be identified when no confirmed or potential match could be identified, but the transaction contain doubtful or suspicious information as per the following red flags:

- Customer or transaction is suspected of being linked (directly or indirectly) to DPRK's nuclear-related, WMD-related, or ballistic missiles weapons program.
- Customer or transaction is suspected of being linked (directly or indirectly) to IRAN's nuclear weapons program.
- Customer or transaction is suspiciously involved in the supply, sale, delivery, export, or purchase of dual use, controlled, or military goods to countries of proliferation concerns or related to illegal armed groups.
- Transaction involves sale, shipment, or export of dual use goods incompatible with the technical level of the country to which it is being shipped.
- Trade finance transaction involves shipment route (if available) through country with weak export control laws or weak enforcement of export control laws.

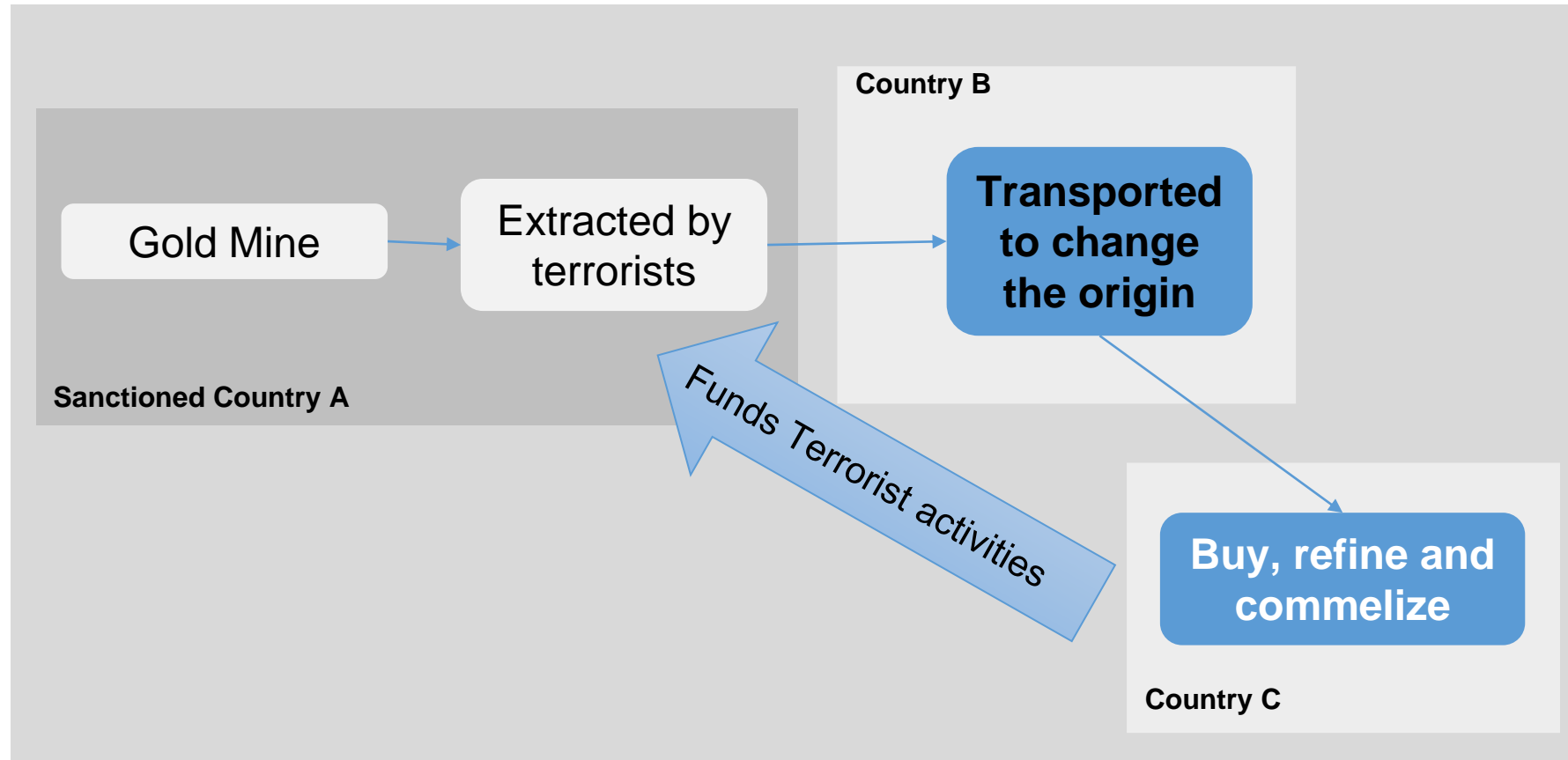
***Reporting entity should submit an STR to the FIU***

# Sanction Evasion

In UAE & Typologies



## Trade in Gold



# Sanction Evasion

*In UAE & Typologies*



- Based on the investigations in the UAE, it was identified an increase in the smuggling of gold from the Republic of Sudan to the UAE.
- Accordingly, the customs authority seized a consignment of sixty (60) kilograms of gold.
- During the investigations, it was found that this gold belonged to the Justice and Equality Movement (JEM), a group included in the United Nations Security Council Resolutions on Sudan.

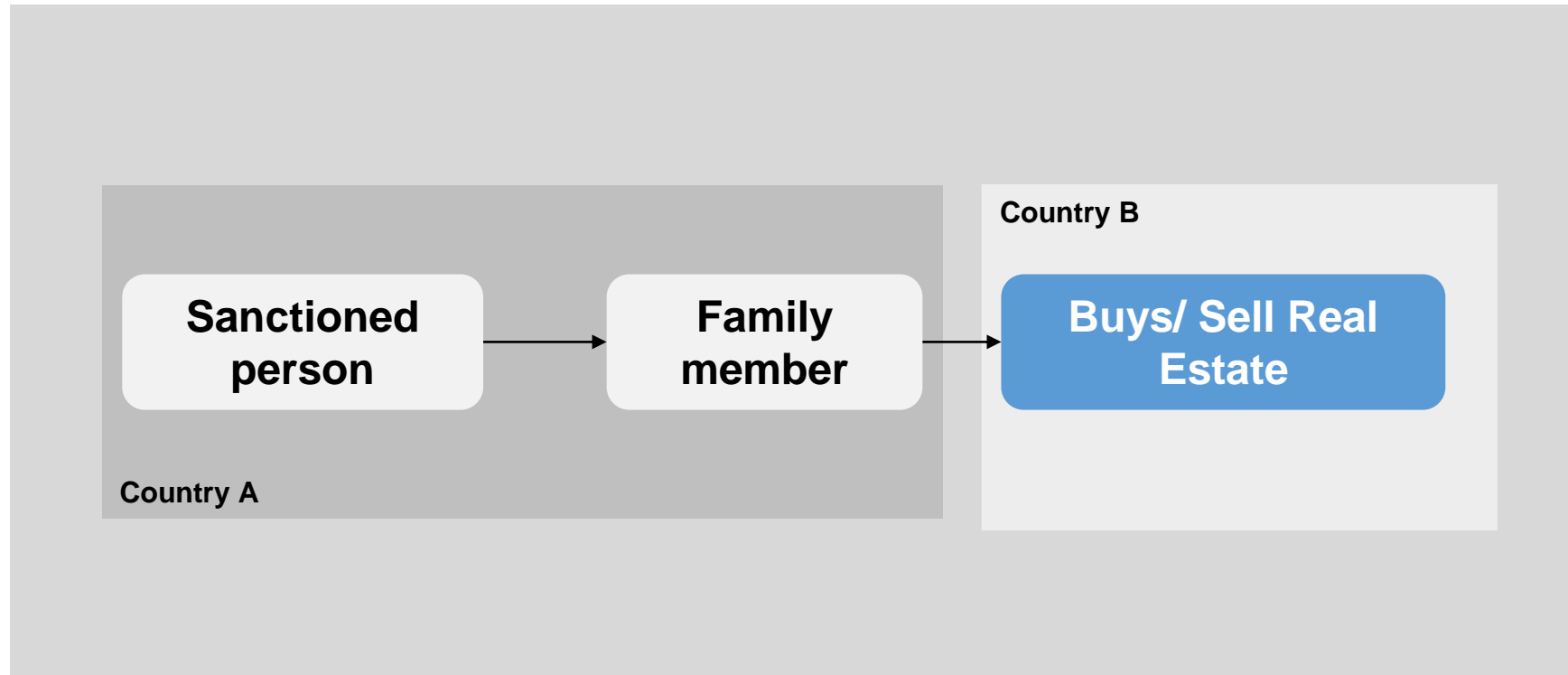


# Sanction Evasion

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## Buying or Selling of Real Estate

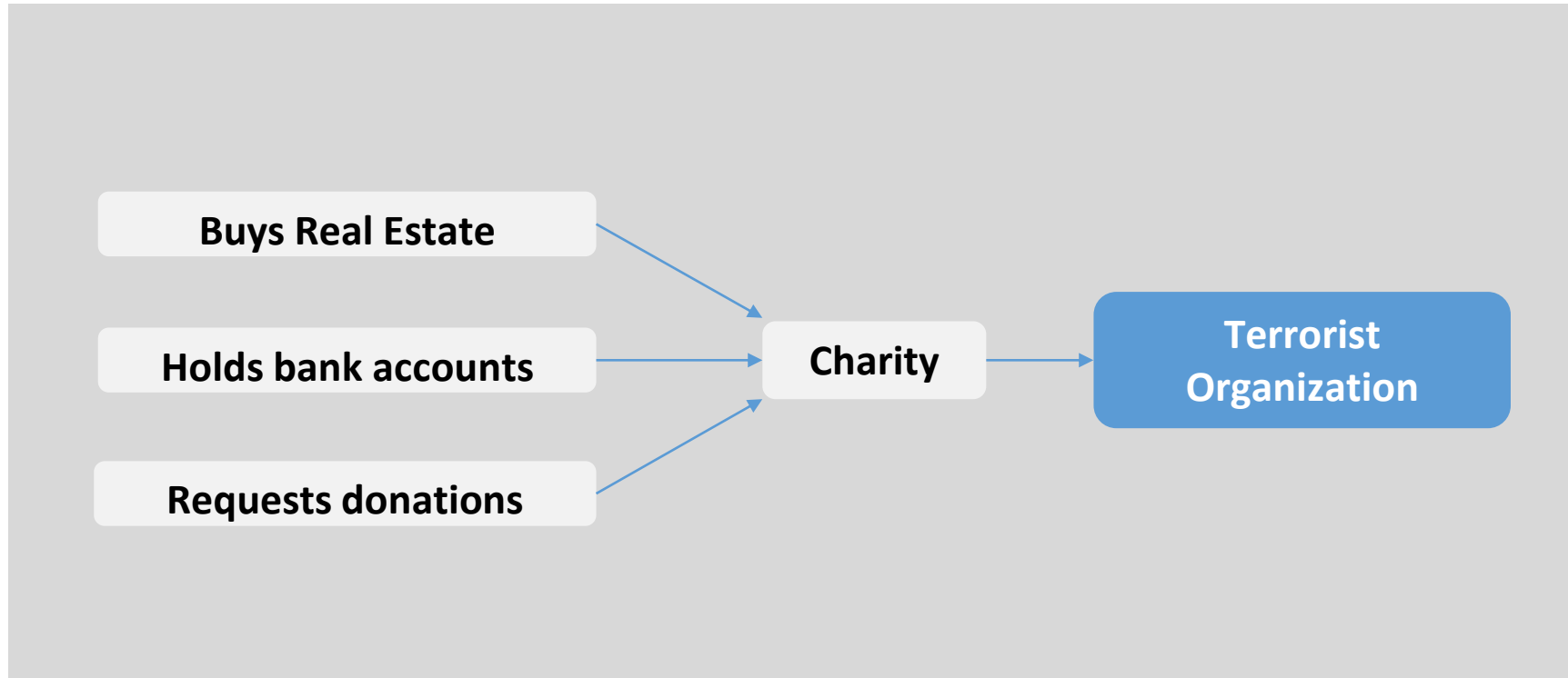


# Sanction Evasion

In UAE & Typologies



## Misuse of an NPO



لجنة السلع والمواد الخاضعة لرقابة الاستيراد والتصدير  
COMMITTEE FOR GOODS & MATERIAL SUBJECTED TO IMPORT & EXPORT CONTROL



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# *Thank you*

*For Further Information, Contact us at*

[iec@uaeiec.gov.ae](mailto:iec@uaeiec.gov.ae)

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