

Scorecard: United Arab Emirates (UAE)

FATF Mutual Evaluation and Follow-Up Reports



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What are the FATF 40 Recommendations?

The FATF Recommendations

outline and elaborate on a comprehensive and consistent framework for countries to implement as a means to combat money laundering (ML), terrorist financing (TF), as well as the financing of weapons of mass destruction. Due to the diversity and differences in the administrative, financial, legal and operational systems and measures of different countries, the FATF Recommendations serve as the international standard, which countries may adapt to their state of priorities and affairs.



AML/CFT Policies and Coordination

- R1** Assessing risks and applying a risk-based approach
- R2** National cooperation and coordination

Terrorist Financing and Financing of Proliferation

- R5** Terrorist financing offence
- R6** Targeted financial sanctions related to terrorism and terrorist financing
- R7** Targeted financial sanctions related to proliferation
- R8** Non-profit organisations (NPOs)

International Cooperation

- R36** International instruments
- R37** Mutual legal assistance
- R38** Mutual legal assistance: freezing and confiscation
- R39** Extradition
- R40** Other forms of international cooperation

Transparency and BO of Legal Persons and Arrangements

- R24** Transparency and beneficial ownership (BO) of legal persons
- R25** Transparency and BO of legal arrangements

Money Laundering and Confiscation

- R3** Money laundering offence
- R4** Confiscation and provisional measures



Powers and Responsibilities of Competent Authorities and Other Institutional Measures

- R26** Regulation and supervision of financial institutions
- R27** Powers of supervisors
- R28** Regulation and supervision of DNFBPs
- R29** Financial intelligence units
- R30** Responsibilities of law enforcement and investigative authorities
- R31** Powers of law enforcement and investigative authorities
- R32** Cash couriers
- R33** Statistics
- R34** Guidance and feedback
- R35** Sanctions



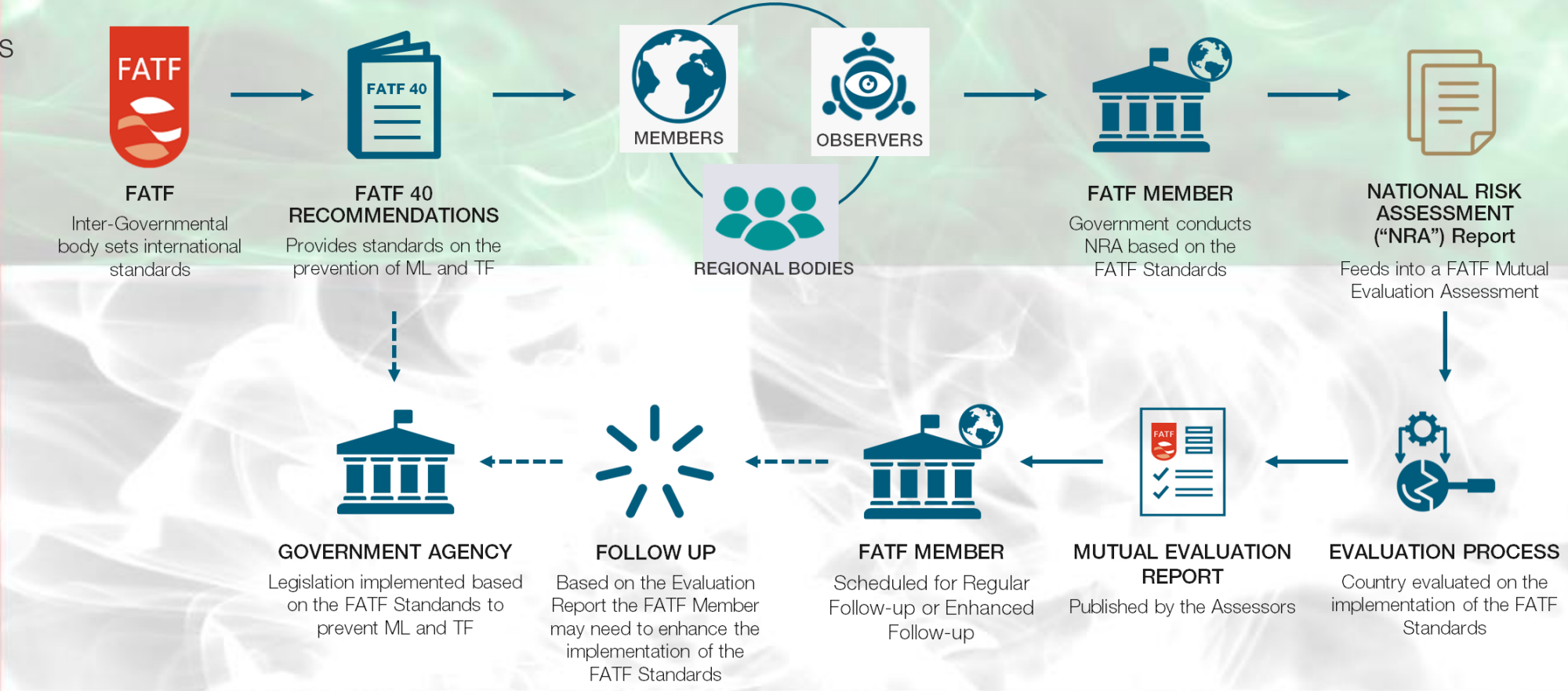
Preventive Measures

- R9** Financial institution secrecy laws
- R10** Customer due diligence
- R11** Record keeping
- R12** Politically exposed persons (PEPs)
- R13** Correspondent banking
- R14** Money or value transfer services
- R15** New technologies
- R16** Wire transfers
- R17** Reliance on third parties
- R18** Internal controls and foreign branches and subsidiaries
- R19** Higher-risk countries
- R20** Reporting of suspicious transactions
- R21** Tipping-off and confidentiality
- R22** DNFBPs: Customer due diligence
- R23** DNFBPs: Other measures



How FATF Sets International Standards

FATF set out the methodology to assess whether a country is compliant with FATF Recommendations or Standards, and if its AML/CFT system is working effectively, assessed through on-site visits, data analysis and the publication of **Mutual Evaluation Reports (MERs)**, or **Follow-Up Reports (FURs)**, where applicable. Done through peer reviews from members of other countries for objectivity, these evaluations are comprehensive country reports that present analysis, findings, as well as points for improvement, regarding a country’s ML/TF systems.



FATF publishes a **Global Assessment Calendar**, which provides a preview of planned assessments by the FATF, its FATF-Style Regional Bodies (FSRBs), the International Monetary Fund (IMF) or the World Bank. The 4th and the most recent round of MERs were measured against the 2013 Assessment Methodology. FATF commenced its 5th round of mutual evaluations in 2024, using revised the Assessment Methodology adopted in 2022. The **UAE** is lined up for its 5th round of MER based on the schedule below:

	COUNTRY	ASSESSMENT BODY	ME ROUND	PLANNED ONSITE SCHEDULE	PLANNED PLENARY DISCUSSION SCHEDULE
	UAE	FATF-MENAFATF	5th	Jun 2026	Feb 2027



Why the UAE was Listed as a Jurisdiction Under Increased Monitoring

Since 2007, FATF has been reviewing and identifying jurisdictions with strategic AML and CFT deficiencies which presents a grave risk to the financial system globally. Consequently, the program was updated to incorporate the FATF Recommendations and the Mutual Evaluation process. During plenary meetings held thrice a year every February, June and October, two (2) statements are issued identifying jurisdictions under increase monitoring and high-risk jurisdictions.



FATF supports and welcomes progress made by enlisted countries, so a **removal process** also exists. For a country to be removed from FATF monitoring, it must address all or majority of its MER action plans, which are then validated by an on-site visit.

Jurisdictions Under Increased Monitoring

- Externally referred to as the “Grey List”
- Jurisdictions with identified deficiencies on their money laundering, terrorist financing and financing of proliferation prevention systems **but has provided commitment** to resolve them quickly within agreed timelines and submitted to increased monitoring.
- Other countries need not apply enhanced due diligence for risks emanating from these jurisdictions but FATF encourages to still consider risks based on their analysis.



High Risk Jurisdictions Subject to a Call for Action

- Also known as the “Black List.”
- Jurisdictions with significant deficiencies on their money laundering, terrorist financing and financing of proliferation prevention systems.
- Other countries are urged to apply enhanced due diligence and countermeasures for risks originating from these jurisdictions.

Non-Cooperative Countries and Territories (NCCT)

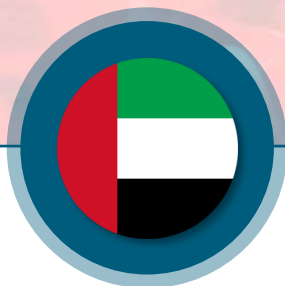
- Referred to as the “Red List.”
- Jurisdictions without appropriate control, regulation and protected by banking secrecy and refuses to participate in international cooperation against financial crime.
- Initiated in year 2000 and delisted the last of the 23 identified countries **in 2006**.

The **UAE** was grey-listed on **March 2022** due to strategic deficiencies in their ML/TF systems. Gaps identified were related to weak supervisory controls, inadequate monitoring for certain designated non-financial business and professions (DNFBPs), slow implementation of enforcement actions, perceived shortfalls in financial regulation, lack of transparency in beneficial ownership, and weaknesses in addressing complex ML methods and transactions.

FATF recognized the UAE’s significant progress and commitment to their action plans, including enhancements in financial investigations, and increased prosecution and international cooperation against illicit finance, all supported by legislative reforms. The UAE was officially removed or delisted on **February 2024**.



The UAE 2020 FATF Mutual Evaluation Report



Key Findings

1. Despite significant strides to improving its AML/CFT systems with the enactment of the AML Law in 2018 and AML By-Law in 2019, the enhancements were fairly recent, with the impact and effectiveness still not fully evident during the on-site visit.
2. The National Risk Assessment (NRA) was a good starting point to understanding ML/TF risks, but it only provided a basic description of the ML issues within the jurisdiction. Issues identified were misaligned with the conclusions, as well as with the strategy.
3. Law Enforcement Agencies (LEAs) need improvement on ensuring coherence of not routinely identifying and targeting crucial cases in line with the country's risk profile, being a major international and regional financial centre, trading hub, and cash-intensive economy.
4. Disparity of understanding and implementation of risk-based supervision amongst regulatory authorities.

MUTUAL EVALUATION REPORT (MER) RATING

DATE: April 2020

Effectiveness

Immediate Outcomes

Risk, Policy and Coordination	●
International Cooperation	●
Supervision	●
Preventive Measures	●
Legal Persons and Arrangements	●
Financial intelligence	●
ML Investigation and Prosecution	●
Confiscation	●
TF Investigation and Prosecution	●
TF Preventive Measures and Financial Sanctions	●
PF Financial Sanctions	●



High Substantial Moderate Low

Technical Compliance

FATF Recommendations

R1	●	R11	●	R21	●	R31	●
R2	●	R12	●	R22	●	R32	●
R3	●	R13	●	R23	●	R33	●
R4	●	R14	●	R24	●	R34	●
R5	●	R15	●	R25	●	R35	●
R6	●	R16	●	R26	●	R36	●
R7	●	R17	●	R27	●	R37	●
R8	●	R18	●	R28	●	R38	●
R9	●	R19	●	R29	●	R39	●
R10	●	R20	●	R30	●	R40	●



Compliant Largely Compliant Partially Compliant Non-Compliant N/A



UAE 2023 FATF Follow-Up Report and Technical Compliance Updates



Progress Updates

- The UAE issued revised Cabinet Resolutions in 2020, which primarily clarified the implementation and the obligation to freeze funds, not just the terrorist list implemented by the United Nations Security Council (UNSC), but also those locally listed. This effectively improved MER ratings for R6 and R7 in 2021.
- Administrative decisions were also issued in 2020 to address R25 deficiencies, imposing requirements related to endowments where trustees must disclose their status to financial institutions (FIs) and DNFBPs, which improved the R25 rating.
- The UAE has taken steps to meet the new requirements of R15, particularly around identifying and assessing ML/TF risks arising from new technologies, and from virtual asset (VA) activities and virtual asset service provider (VASP) operations. There are, however, some moderate deficiencies surrounding definitions, licensing, and the implementation of AML/CFT requirements.
- To address shortcomings on R1, a national strategy was developed for 2020 to 2023 to deepen understanding of risks through multi-sectoral assessments, and to implement a national action plan focused on highest risk sectors.
- Legislative amendments were also implemented to adopt countermeasures based on risk levels, and for FIUs to conduct strategic analysis, improving ratings for R19 and R29.

FOLLOW-UP REPORT

DATE: July 2023

Technical Compliance Re-Rating

Rating Updates Based on Subsequent Reports:

- R1 Upgrade
- R6 Upgrade
- R7 Upgrade
- R15 Downgrade
- R19 Upgrade
- R25 Upgrade
- R29 Upgrade

FATF Recommendations

R1		R11		R21		R31	
R2		R12		R22		R32	
R3		R13		R23		R33	
R4		R14		R24		R34	
R5		R15		R25		R35	
R6		R16		R26		R36	
R7		R17		R27		R37	
R8		R18		R28		R38	
R9		R19		R29		R39	
R10		R20		R30		R40	





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