

Decoding AML Regulations: UAE Federal Law vs. DIFC & ADGM Rulebooks

Table of Contents

Introduction	1
Regulatory Authority	3
Definition of DNFBP	5
Risk-based approach & AML Enterprise-Wide Risk Assessment	8
Circumstances warranting performance of Customer Due Diligence	11
Money Laundering Reporting Officer	14
Record Keeping	16
AML Annual Return	18
Decoding AML Regulations FAQs	20
How AML UAE Assist You to Comply With AML Regulations?	23
About AML UAE	25





Introduction



UAE's battle against money laundering and other financial crimes is becoming stronger daily.

The country has committed to implementing strategies and policies to reduce financial crimes. It also supports global efforts of FATF and other bodies for combatting money laundering and terrorism financing.

Regarding this, the UAE has introduced regulations at a Federal AML regulation, and it's implementing guidelines, laying down the measures regulated entities must take to combat money laundering and terrorism financing. Since Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM) are financial-free zones, they have different regulations for entities operating in these areas.

But still, the basis of these regulations remains the two principal Federal AML regulations of the UAE:

- Federal Decree-Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations
- Cabinet Decision No. (10) of 2019 concerning the Implementing Regulation of Decree-Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations

DIFC and ADGM apply the federal law as it is. Additionally, they have implemented AML-specific rules and guidance for the entities established in their respective free zones. A few differences exist between the AML compliance requirements as applicable to units in DIFC and ADGM vis-à-vis units operating in mainland UAE.

ADDITIONAL INFORMATION & RESOURCES

-  AML Compliance Calendar
-  Top videos on AML compliance: Defending against financial crime



Regulatory Authority





Federal AML Regulations

Various Supervisory Authorities have been identified to regulate mainland UAE entities' AML/CFT compliance.

Units operating in Mainland UAE	Supervisory Authority
Financial Institutions (including insurance companies)	Central Bank of UAE
Lawyers & Legal Consultants	Ministry of Justice
Virtual Asset Service Providers (VASPs) in Dubai	Virtual Assets Regulatory Authority of Dubai
Capital Market & VASP (other than Dubai)	Securities & Commodities Authority
Other Designated Non-Financial Businesses and Professions (DNFBPs)	Ministry of Economy



DIFC (Dubai International Financial Centre)

The Dubai Financial Services Authority (DFSA) regulates, controls, and administers AML requirements in DIFC.



ADGM (Abu Dhabi Global Market)

The Financial Services Regulatory Authority (FSRA) enforces the rules and requirements of AML and CFT in ADGM.

ADDITIONAL INFORMATION & RESOURCES

- [Anti Money Laundering \(AML\)/ Countering Financing of Terrorism \(CFT\) Compliance Requirements in UAE](#)
- [Entities Subject to AML Compliance in Abu Dhabi Global Market \(ADGM\)](#)
- [Virtual Assets Regulatory Authorities in UAE](#)
- [Authorized Person and Regulated Activities subject to AML Compliance in ADGM](#)
- [Dubai International Financial Centre \(DIFC\) Entities Subject to AML Compliance](#)
- [What are AML compliance requirements in DIFC?](#)




Definition of DNFBPs








Federal UAE

The definition of DNFBPs in UAE includes the following:

- 
- 1 Dealer in precious metals or stones
 - 2 A law firm, notary firm, or other independent legal professionals
 - 3 Independent Accountants and Auditors
 - 4 Trust or Company Service Provider
 - 5 Brokers and real estate agents in relation to the buying and selling of real estate property for the benefit of its customers

ADDITIONAL INFORMATION & RESOURCES

-  [goAML Registration Guide](#)
-  [A Guide to Anti Money Laundering AML Laws in UAE](#)
-  [AML Compliance checklist for DNFBPs](#)
-  [DNFBPs subject to AML Compliance in the UAE](#)
-  [Consequences for Non-compliance with UAE AML Regulations](#)

DIFC

In the case of DIFC, the definition changes a bit. Besides the above, it includes:

- A single-family office
- A real estate developer
- Insolvency firm
- A person who issues or provides services related to Non-Fungible Tokens (NFTs) or Utility Tokens

A Registered Auditor is not a DNFBP in DIFC.

ADGM

In the case of ADGM, the definition of DNFBP includes a dealer trading any saleable item where the transaction amount equals or exceeds US\$ 15,000 in cash through a single transaction or series of connected transactions. Further, it also includes taxation consulting firms explicitly.

ADDITIONAL INFORMATION & RESOURCES

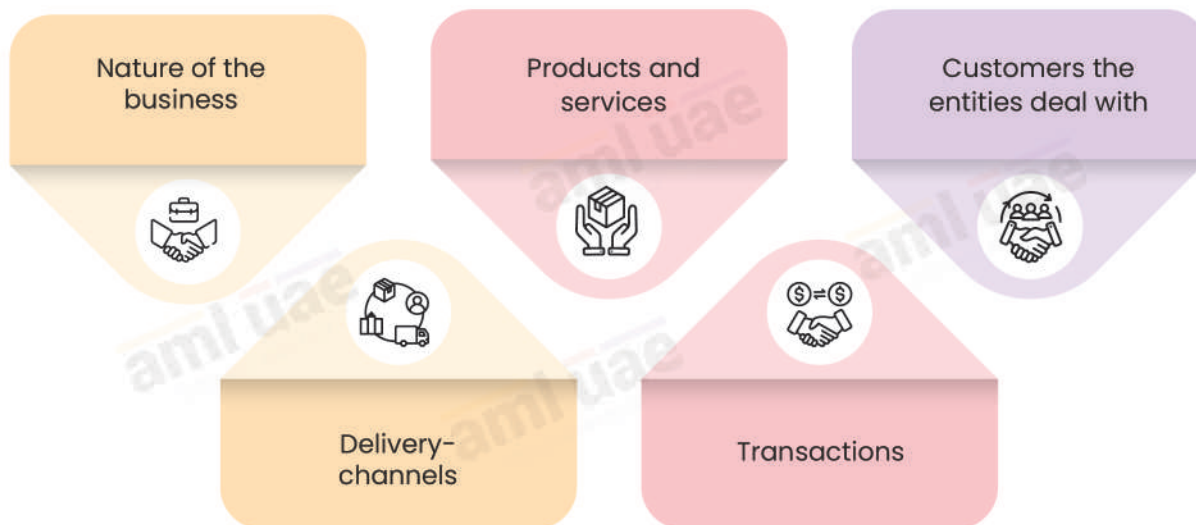
-  A comprehensive AML Guide for ADGM companies



Risk-Based Approach & AML Enterprise-Wide Risk Assessment



Entities must assess the several risks their business is exposed to. These risks may relate to the following:



Based on the risk levels, Regulated entities must implement measures to tackle those risks. Also, you must keep reviewing the risk assessment to update it with changes at regular intervals. You must also document the findings and results for future reference.

The provisions for a risk-based approach are standard in all three – Federal AML regulations, DIFC, and ADGM, except that the DIFC units are also required to consider the tax-crime risks.

Basis the overall AML risk assessment of its business, regulated entities must develop their AML controls, procedures, policies, and systems to mitigate or manage the AML risks.

ADDITIONAL INFORMATION & RESOURCES

- [▶ AML Business Risk Assessment \(BRA\) and how to conduct BRA](#)
- [▶ Factors for AML Enterprise Wide Risk Assessment](#)
- [▶ An illustrative list of factors for conducting AML Business Risk Assessment](#)
- [▶ Enterprise Risk Assessment Program](#)
- [▶ AML Business Risk Assessment Template for DNFBPs in UAE](#)
- [▶ Risk-Based Approach For Dealers in Precious Metals & Stones \(DPMS\)](#)
- [▶ The risk based approach to AML - Anti-Money Laundering Compliance](#)
- [▶ AML Implications for Politically Exposed Person \(PEP\)](#)
- [▶ A Comprehensive Guide to AML Customer Risk Assessment for DNFBPs in UAE](#)
- [▶ Red Flag Indicators For AML/CFT](#)
- [▶ How to Detect High-risk Customer and Safeguard Your Business](#)
- [▶ AML Risk Assessment before launch of a new product or service](#)
- [▶ Right AML Solution to foster Corporate Service Providers' AML Function](#)

Business Risk Assessment under UAE AML Law

As per UAE AML regulations, all the Financial Institutions, DNFBPs, and VASPs are required to analyse which “money laundering, financing of terrorism and proliferation financing” risk the entity is exposed to and its impact on the business.

Overview Of The Business
Business overview with respect to products, customers, countries, staff, third parties.

Identify Risk Scenarios
Assess which ML/FT/PF risks may occur and the form that they may take.

Analysis Of Scenarios
Determine **likelihood of occurrence**¹ and resulting **impact**², for each scenario.

Analysis Of Control
Assess the **control**³ measures in place for each scenario.

Determination Of Residual Risks
Compare inherent risk & the level of controls, to identify **residual risk**⁴.

Assess Risk Appetite
Verify whether the risk is within the boundaries of the **risk appetite**⁵.

Determine Additional Measures
Type of additional actions to be taken to control or reduce risk.

1. LIKELIHOOD OF OCCURRENCE

Likelihood Type	Occurrence
LOW	The scenario which occurs less than once per year, very unlikely
MEDIUM	The scenario which occurs a few times per year, there is a reasonable chance
HIGH	The scenario which occurs several times per year, high chance

2. IMPACT ON BUSINESS

Impact Type	Loss/damage and measures to be taken
LOW	Negligible loss or damage, no measure from Compliance Officer, no effect
MEDIUM	Limited loss or damage, simple measure from Compliance Officer, short-term effect
HIGH	Significant loss or damage; enhanced measures from Compliance Officer, long-term effect

3. LEVEL OF CONTROLS

Control Type	Control Status
STRONG	There are several measures in place to control risk, fully operational and fully effective
EFFECTIVE	Risk is managed adequately, could be improved in certain parts, but works adequately and is effective
INEFFECTIVE	Risk is not managed adequately, substantial improvement is necessary, but it has some effect
NON-EXISTENT	No controls or controls have no effect

4. RESIDUAL RISK

Residual Risk	Description
LOW	The risk is unlikely to cause damage
MEDIUM	There is a slight chance of this risk causing some damage
HIGH	There is a considerable likelihood of this risk causing significant damage

5. RISK APPETITE

Actions	Description
ACCEPT	Mitigating measures are working
REDUCE	Reduce risk or improve controls
AVOID	End the activities



Circumstances warranting performance of Customer Due Diligence



Regulated Entities must undertake customer due diligence:

WHEN

When it enters into a business relationship with the customer

When it carries out an occasional transaction valuing more than a defined number with a customer

When it suspects a customer or transaction of money laundering

When it has doubts about the validity or adequacy of information or documents provided by the customer

There are minor differences in the circumstances when CDD is to be performed under three regulations.

Ensure the effectiveness of AML compliance with apt Due Diligence measures!

Adopting the Risk-Based Approach is the best way to improve the effectiveness of the Customer Due Diligence process – Higher the risk exposure, the more stringent AML checks to be applied. Decide the CDD measures to be applied -

Deciding Parameters	Simplified Due Diligence	Standard Due Diligence	Enhanced Due Diligence
Type of customer's ML/FT risk profile	LOW	MEDIUM	HIGH
Due Diligence measures to be applied	<ul style="list-style-type: none"> Identify the person/UBO Verify the identity Screening 	<ul style="list-style-type: none"> Simplified Due Diligence + Obtain information about address & address proof Obtain occupational/employment details Understand the nature of business Understand the purpose of the transaction 	<ul style="list-style-type: none"> Standard Due Diligence + Source of Funds Source of Wealth Senior Management approval 1st payment from the customer's own bank account
Nature of ongoing monitoring	Less frequent	Regular monitoring	More frequent monitoring
Example of customer warranting specific due diligence	A company listed on the recognized stock exchange	A Limited Liability Partnership (LLP) firm operating in the UAE	Politically Exposed Person (PEP) and the person associated with a PEP

Federal AML Regulations

As per the UAE Federal AML Law, the threshold prescribed for conducting CDD in case of the occasional transaction is equal to or exceeding AED 55,000. This transaction can be a single transaction or several interlinked transactions.

DIFC

In the case of DIFC, there is no limit on the transaction amount with the customer to carry out CDD.

Further, the entities in DIFC can delay the identity verification of customers and their beneficial owners if:

- The AML risk is low
- Carrying out verification interrupts or delays the normal course of business

But verification must be completed within 30 business days of effecting the transaction.

ADGM






In the case of ADGM, the defined number is USD 15,000.

Also, entities can delay the identity verification of customers and their beneficial owners if:

- The AML risk is low
- Carrying out verification interrupts or delays the ordinary course of business

But the entities must complete this verification within 20 business days of effecting the transaction.

ADDITIONAL INFORMATION & RESOURCES

-  Customer Due Diligence eBook
-  Navigating CDD and FATF Travel Rule: VASPs to Identify Originator
-  A Complete Guide to Effective Customer Due Diligence
-  What is Know Your Customer (KYC)?
-  Source of funds and source of wealth: Essential element of Customer Due Diligence



Money Laundering Reporting Officer



DIFC and ADGM entities must appoint a Compliance Officer or Money Laundering Reporting Officer who is a resident of the UAE. No such residency-related specific condition is mentioned under the UAE Federal AML Law.

Role of AML Compliance Officer In UAE

AML/CFT TRAINING & DEVELOPMENT

- Develop the employees training programme
- Keeping training modules up to-date
- Oversee AML/CFT training of the entire staff
- Maintaining the training register



AML/CFT PROGRAMME MANAGEMENT

- **Adopt & Implement AML/CFT policies**, procedures, and controls
- **Periodic review** of internal policies and red flag indicators
- **Reporting to senior management** around changes in UAE AML Law and its impact, regular business updates
- Overview **record keeping** requirement

ML/FT REPORTING

- **Detection** of suspicious transactions involving ML/FT
- **Internal investigation** and reporting to senior management, along with decision as to its reporting to UAE FIU
- **Reports** to UAE FIU (STR/SAR/FFR/PNMR/HRC/HRCA/ DPMSR/REAR/Annual or Semi-annual report)

ADDITIONAL INFORMATION & RESOURCES

- 📖 The Role of AML Compliance Officer
- 📖 Role of AML Compliance Officer under UAE AML Regulations
- 📖 Elements of AML Compliance Officer's Report to Senior Management under UAE AML Regulations
- 📖 Role of AML Compliance Officer in UAE
- 📖 What Skills Should an AML Compliance Officer Possess?
- 📖 AML Compliance Officer: Role and Responsibilities
- 📖 The Vital Role of an AML Compliance Officer in Safeguarding VASPs in the UAE
- 📖 Role of an AML Compliance Officer in a real estate agent or brokerage firm in UAE



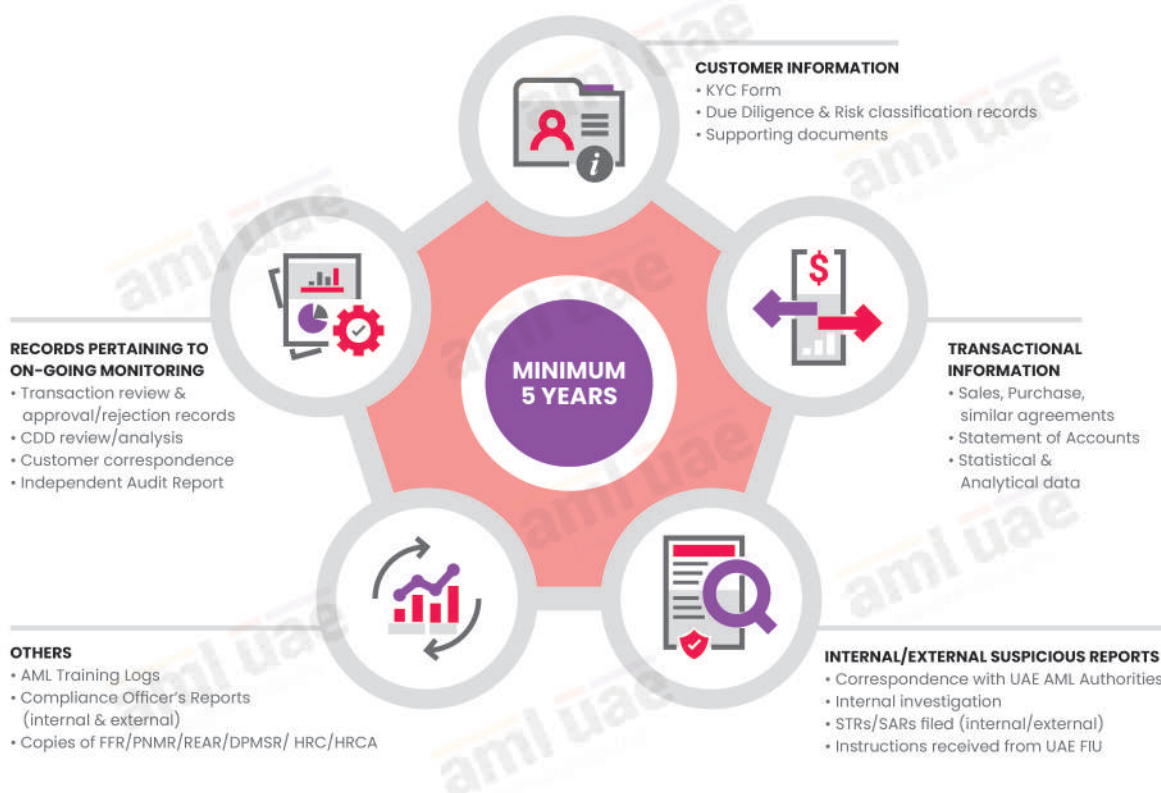
Record Keeping



DIFC and ADGM entities must maintain the AML/CFT-related records for a minimum of six (6) years. At the same time, the minimum data retention period prescribed under the UAE Federal AML Law is five (5) years.

Record Keeping Requirement in UAE

as per AML Federal Law



ADDITIONAL INFORMATION & RESOURCES

- ▶ Decoding the types of Customer Due Diligence
- ▶ Elements of an effective AML Policy and Procedures (internal & external)
- ▶ What are the basic elements of AML Policy in UAE?
- ▶ Checklist for implementing an effective AML Program
- ▶ AML policy template
- ▶ Why is Record-Keeping of Customer Identity and Transactions necessary
- ▶ A complete guide to effective customer due diligence
- ▶ How employee engagement enhances AML compliance program



AML Annual Return



Units in DIFC and ADGM are required to furnish an AML Annual Return to the respective supervisory authorities.

The entities in DIFC must submit the AML Annual Return to the DFSA by the end of September every year. It covers the reporting year from August 1 of the previous year to July 31 of the reporting year.

While the ADGM units are required to furnish an AML Annual Return to FSRA by the end of April every year, covering the AML/CFT records and data about the previous year from January 1 to December 31.



Decoding AML Regulations FAQs



Q. What is record keeping requirement for the entities registered under ADGM?

Ans. The entities registered under ADGM have to maintain all their AML/CFT related & Due diligence records for a period minimum of 6 years.

Q. Is the record keeping requirement for DIFC entities the same as for ADGM?

Ans. The record keeping requirement of all their AML/CFT records for entities registered under ADGM and DIFC is exactly same which is of 6 years.

Q. What is the additional requirement for appointing a Money Laundering Reporting Officer (MLRO) for the entities registered ADGM and DIFC?

Ans. The entities registered under ADGM and DIFC have to employ their MLRO who have to be a resident of UAE. No such residency-related specific condition is mentioned under the UAE Federal AML Law.

Q. What are the similarities between regulations of ADGM and DIFC?

Ans. Under the circumstances warranting performance of Customer Due Diligence, the identity verification of customers and their beneficial owners can be delayed if their AML risk is low and if carrying out verification interrupts or delays the ordinary course of business.

Q. Who is the regulator that governs the Dubai International Financial Centre (DIFC)?

Ans. The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in or from the DIFC, a purpose-built financial free zone in Dubai, UAE.

Q. Who is the regulator that governs the Abu Dhabi Global Market (ADGM)?

Ans. ADGM Financial Services Regulatory Authority (FSRA) or ADGM Regulatory Authority (ADGMRA) is the progressive supervisory and regulatory authority of ADGM.

Q. Who is the regulator that governs the UAE Mainland registered under Dubai Economy?

Ans. The Central Bank of UAE is the governing authority that is responsible for regulating the entities registered under Dubai Economy/UAE Mainland.



How AML UAE Assist You to Comply With AML Regulations?



This article clarifies the differences between AML requirements under the Federal AML regulations, DFSA Rulebook and the ADGM AML Rulebook.

Generally, the provisions of the Federal AML regulations apply, with specific clauses of the AML and Sanctions Rulebooks issued by the regulatory authorities of the financial free zones – DIFC and ADGM. If you still have doubts, AML UAE will always help you.



About AML UAE



AML

Compliance Simplified!

AML UAE is an Anti-Money Laundering (AML) consulting firm operating and supporting businesses across the UAE with decades of experience. We have expertise in providing various AML services to DNFBPs like Real Estate Agents, Accountants and Auditors, Dealers in Precious Metals and Stones, Trust and Company Service Providers, and Lawyers. We also provide AML consultancy services to Virtual Asset Service Providers.

We are equipped to help you with registering on the goAML portal. We conduct Enterprise-Wide Risk Assessments and align your AML/CFT policies and procedures in line with it. We provide you with various templates for carrying out KYC, Screening, and Risk Assessment of your customers. We help you with submitting various reports like SAR, STR, FFR, PNMR, HRC, HRCA, DPMSR, REAR, etc. We ensure that your employees are well-trained from an AML perspective.

Not just this, we assist regulated entities with decoding the Remedial Action Plan and effectively implementing the authority's recommendations around the AML program.

AML UAE is your go-to partner for handling all your compliance-related requirements.

Once we enter the picture, AML compliance is ensured. With that, you can continue to be a highly reputed business, actively striving to counter money laundering, terrorist financing, and proliferation financing.



Service Matrix

Service	Common Drivers							Value Proposition
	Ensure legal compliance	Save time and costs	Need expert support	Automate compliance processes	Implement best practices	Crisis management	Change AML/CFT consultant	
goAML Registration	✓		✓					Streamlines the process of registering with the UAE FIU goAML portal. Ensures compliance and reduces administrative burden.
Enterprise-Wide Risk Assessment	✓	✓	✓		✓		✓	Identifies risk factors, gross risk, controls deployed and their effectiveness, residual risk, and need for additional controls.
AML/CFT Policy Drafting	✓	✓	✓		✓		✓	Provides tailored AML/CFT policy frameworks that are up-to-date with current laws, enhancing regulatory compliance.
In-house Compliance Department Set-up	✓		✓		✓		✓	Establishes a robust internal compliance structure, helps recruit the right resources and ensures ongoing compliance efficiency.
KYC Managed Services	✓	✓	✓		✓	✓		Outsourced KYC processes that speed up customer onboarding and maintain high compliance standards.
Ongoing AML/CFT Consulting	✓	✓	✓	✓	✓	✓	✓	Continuous expert advice tailored to address specific challenges, enhancing overall compliance strategies.
AML/CFT Health Check	✓		✓		✓	✓	✓	Conducts comprehensive reviews and assessments to pinpoint vulnerabilities and recommend improvements.
AML Training	✓	✓	✓		✓		✓	Offers comprehensive training programs that enhance the compliance skills of employees at all levels.
AML Software Selection	✓	✓	✓	✓	✓			Helps choose the best AML software that fits the company's needs, improving efficiency and cost-effectiveness.
Screening Software Validation	✓		✓	✓	✓			Tests and validates screening tools to ensure they meet regulatory requirements and operational needs.
Regulatory Reporting	✓	✓	✓		✓		✓	Streamlines the process of creating and submitting SAR, STR, PNMR, FFR, DPMSR, REAR, HRC, and HRCA reports accurately and on time.

Our Team



Pathik Shah 

FOUNDER

CAMS, FCA, CISA, CS, DISA (ICAI), FAFP (ICAI)

Pathik is a Chartered Accountant with over 26 years of experience in governance, risk, and compliance. He helps companies with end-to-end AML compliance services, from conducting Enterprise-Wide Risk Assessments to implementing robust AML compliance frameworks. He has played a pivotal role as a functional expert in developing and implementing RegTech solutions for streamlined compliance.



Jyoti Maheshwari 

PARTNER

CAMS, ACA

Jyoti is a Chartered Accountant and Certified Anti-Money Laundering Specialist (CAMS), having around 8 years of hands-on experience in regulatory compliance, legal advisory, policy-making, tax consultation, and technology project implementation. Jyoti holds experience with Anti-Money Laundering regulations prevalent across various countries. She helps companies with risk assessment, designing and deploying adequate mitigation measures, and implementing the best international practices to combat money laundering and other financial crimes.

Our Team



Dipali Vora 
PARTNER
CAMS, ACS

Dipali is an Associate member of ICSI and a Certified Anti-Money Laundering Specialist (CAMS). She has an overall experience of 8 years in the compliance domain, including Anti-Money Laundering, due diligence, secretarial audit, and managing scrutiniser functions. She currently assists clients by advising and helping them navigate through all the legal and regulatory challenges of Anti-Money Laundering Law. She helps companies to develop, implement, and maintain effective AML/CFT and sanctions programs.



Purva Buch 
Senior Consultant
CAMS, LLB

Purva is a Certified Anti-Money Laundering Specialist (CAMS) and a Lawyer with 5+ years of experience. She has substantial knowledge of Anti-Money Laundering Laws, Rules, Regulations, and AML Compliance Processes. Purva has been instrumental in drafting RegTech processes, corporate policymaking, and fulfilling various legal research and drafting requirements arising from AML laws and regulatory technology.

AML Verse

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<p>AML Consultants.us</p> <p>Your trusted partner in simplifying AML compliance, ensuring regulatory adherence and protecting your business.</p> <p>amlconsultants.us</p>	<p>aml ksa</p> <p>At the core of our business is ensuring AML/CFT compliance for yours.</p> <p>amlksa.com</p>	<p>aml bahrain</p> <p>Our priority is your peace of mind – ensuring AML/CFT compliance is how we deliver it</p> <p>amlbahrain.com</p>	<p>aml muscat</p> <p>Timely service, flawless compliance, and peace of mind – your AML/CFT partner you can trust</p> <p>amlmuscat.com</p>
<p>PRO AML</p> <p>Guiding budding AML/CFT professionals to ignite their potential and excel in compliance leadership</p> <p>proamltraining.com</p>	<p>aml job</p> <p>Connecting AML talent with global opportunities for financial integrity</p> <p>recruit.amljob.com</p>	<p>aml faqs</p> <p>Ask, Answer, Comply: Your one-stop hub for AML/CFT compliance knowledge</p> <p>amlfaqs.com</p>	<p>Technovisors</p> <p>IT Consultants & Digital Marketing Consultants to help you focus on your business</p> <p>technovisors.com</p>
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