

Financial Crime Prevention Unit
Financial Services Regulatory Authority
ADGM Authorities Building,
ADGM Square,
Al Maryah Island,
Abu Dhabi

17 April 2023

Notice No: FSRA/FCCP/9/2023

To: Senior Executive Officers (SEO), Money Laundering Reporting Officers (MLRO) and Principal Representatives (PR) of Approved Persons

Dear SEO/MLRO/RP,

RE: Requirement to conduct an Institutional Terrorist Financing (TF) and Proliferation Financing (PF) Risk Assessment

Pursuant to the [FATF revised Recommendation 1](#), which requires countries and private sector entities to identify, assess, understand and mitigate their Terrorist financing and Proliferation Financing (TF and PF) risks; in this regard, **ADGM Relevant Persons are reminded of their obligations to:**

- a. Take appropriate steps to identify, assess, understand, and mitigate their Terrorist Financing and Proliferation Financing risks on an institutional level (for customers, countries, or geographic areas; and products, services, transactions, or delivery channels). This includes the requirement to:
 - (i) document their TF and PF risk assessments;
 - (ii) keep these assessments up to date; and
 - (iii) have appropriate mechanisms to provide TF and PF risk assessment information to the Supervisory Authorities
- b. Have policies, controls, and procedures which are approved by senior management and consistent with national requirements and guidance from competent authorities to manage and mitigate the TF and PF risks that have been identified.
- c. Monitor the implementation of those controls and enhance them if necessary. Take commensurate measures to manage and mitigate the risks where higher TF and/or PF risks are identified (i.e., introducing enhanced controls aimed at detecting possible breaches, non-implementation or evasion of targeted financial sanctions related to TF and PF); and



- d. Where the TF and/or PF risks are lower, ensure that measures to manage and mitigate the risks are commensurate with the level of risk while still ensuring full implementation of the targeted financial sanctions related to TF and PF.

The nature and extent of the assessment of TF and PF risks should be appropriate to the nature and size of the business. It is also important to note that conducting a risk assessment is an **ongoing process**. The risk landscape constantly evolves, and new risks may emerge over time. Therefore, institutions need to remain vigilant and adapt to changing circumstances and new risks as they arise.

The TFS guidance paper is published on the FCCP website and can be accessed through these links.

- TFS Guidance – [Link](#)
- CPF Guidance- [Link](#)
- Typologies paper – [Link](#)

All Relevant Persons are required to refer to the above guidance as a helpful reference to identify, assess, understand, and mitigate the firms' TF and PF risk exposure in line with the FATF Standard.

All Relevant Persons are reminded of their obligations to ensure compliance with Federal AML Legislation, Cabinet Resolution No. (74) of 2020 and the ADGM AML Rulebook.

Sincerely,

Financial and Cyber Crime Prevention