

Guidance on Targeted Financial Sanctions

For financial institutions and designated non-financial business and professions (DNFBPs).

Issued by the Executive Office of the Committee for
Goods Subject to Import and Export Control

© Executive Office of the Committee for Goods Subject to
Important and Export Control, 2021

BurDubai - Umm Hurair
1 - Khalid Bin Al Walid St
Consulates Area in the Ministry of Foreign Affairs and
International Cooperation / Dubai Office

<https://www.uaeiec.gov.ae/en-us/>

Telephone: +971 44 040 040

Fax: +971 43574499

Email: iec@uaeiec.gov.ae

Issued on: 14 Jan 2021

Last amended: 6 May 2021

Acronyms

DNFBPs	Designated non-financial business and professions
Executive Office or EO	The Executive Office of the Committee for Goods Subject to Import and Export Control
Sanctions Lists	UN Consolidated List and Local Terrorist List
Local Terrorist List	National terrorist list issued by the UAE Cabinet
Person	Natural and legal person
MOFAIC	Ministry of Foreign Affairs and International Cooperation
Supreme Council	Supreme Council for National Security
TFS	Targeted Financial Sanctions
UAE	United Arab Emirates
UN	United Nations
UN List	United Nations Security Council Consolidated List pursuant to the relevant United Nations Security Council Resolutions.
UNSC Sanctions Committee	United Nations Security Council Sanction Committee that oversees the compliance of United Nations Security Council Resolutions. Please note that all current United Nations sanctions regimes have their own Sanctions Committee.
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution

Contents

Acronyms	1
Overview of Targeted Financial Sanctions.....	3
Section 1: Legal framework	4
Section 2: What are Targeted Financial Sanctions (TFS)?	5
Types of financial sanctions.....	5
How long do these measures last?	6
Section 3: What is the purpose of Targeted Financial Sanctions (TFS)?	6
Who is the target of these measures?	7
Where to find the updated Sanctions Lists?	7
What does 'funds' mean?.....	8
Section 4: Obligations on UAE Persons to implement TFS regimes.....	9
Additional Obligations for Financial Institutions and DNFBPs.....	11
How to identify a match to apply TFS?	11
How to implement freezing measures?.....	12
The concept of ownership and control for legal entities.....	12
Section 5: Reporting Obligations	13
General Obligations.....	13
Reporting obligations of the financial institutions and DNFBPs.....	14
Section 6: Enforcement of TFS	14
Consequences for any Person.....	14
Consequences for Financial Institutions or DNFBPs	14
Liability: exemption in case of good-faith implementation of freezing measures ..	15
Section 7: Requesting an exemption or permission to access frozen funds.....	15
Frozen funds from designations in Local Terrorist List	15
Frozen funds due to the UN List	16
Section 8: Procedure to cancel or lift the freezing measures	19
Assets frozen due to the Local Terrorist List.....	20
Assets frozen due to the UN List.....	21
Section 9: Requesting the Removal or De-listing of a Designation from the Local Terrorist List	22
Section 10: Requesting the Removal or De-listing of a Designation from the UN List ..	23
Contact us.....	23
Appendix: Frequency Asked Questions.....	24

Overview of Targeted Financial Sanctions

The United Nations Security Council (UNSC) is one of the six principal organs of the United Nations (UN) and has primary responsibility for the maintenance of international peace and security. It has 15 Members, and each Member has one vote. Under the Charter of the United Nations, all Member States of the UN are obligated to comply with the Security Council decisions.

The UNSC holds the capacity to take action seeking to maintain or restore international peace and security under Chapter VII of the Charter of the United Nations by imposing sanctioning measures under Article 41. These measures encompass a broad range of enforcement options that do not involve the authorisation of the use of armed force, including interruption of economic relations, international communications and diplomatic relations

The Security Council sanctions regimes focus mainly on supporting the settlement of political conflicts, nuclear non-proliferation, and counterterrorism. These regimes include measures ranging from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and restrictions on dealing with certain financial or commodity transactions.

The United Arab Emirates (UAE), as a member of the United Nations, is mandated to implement UN Security Council Resolutions (UNSCR), including those related to the UN's sanctions regimes. Consequently, through the Cabinet Resolution No. 74 of 2020, the UAE is implementing relevant UNSCRs on the suppression and combating of terrorism, terrorist financing and countering the financing of proliferation of weapons of mass destruction, in particular relating to targeted financial sanctions (TFS). Persons should note that, in accordance with the laws of the UAE, the UAE Government also applies TFS by publishing a Local Terrorism List in accordance with UNSCR 1373 (2001).

The term TFS refers to asset freezing and other financial prohibitions, agreed upon by the UNSC, to prevent funds or other assets from being made available, directly or indirectly, for the benefit of listed individuals, groups and entities.

This guidance is therefore focused on the procedures to implement the UN and local TFS regimes by all Persons (natural and legal) the UAE. Financial Institutions and DNFBPs are obliged, by UAE law, to apply policies, procedures and controls to implement TFS to those sanctioned and referred in the UN List and the Local Terrorism List.

Section 1: Legal framework

The following list comprises of all of the relevant Laws/Executive Regulations, Guidelines, and Notices issued so far for the purpose of implementing UN Financial Sanctions and local TFS measures in the UAE.

Title	Articles/Text	Issued	Type
Decree Federal Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations	16.1, 28	2018	Federal Law
Cabinet Decision No. 10 of 2019 Concerning the Implementing Regulation of Decree Federal Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organizations	11, 12, 44.7, 60	2019	Executive Regulation
Cabinet Resolution No. 74 of 2020 concerning the Local Terrorist List of terrorists and implementation of UN Security Council decisions relating to preventing and countering financing terrorism and leveraging non-proliferation of weapons of mass destruction, and the relevant resolutions.	The whole text	2020	Executive Resolution

Section 2: What are Targeted Financial Sanctions (TFS)?

The term *targeted sanctions* means that such sanctions are imposed against specific individuals or groups, or undertakings.

The term *targeted financial sanctions* includes both asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of individuals, entities, groups, or organization who are sanctioned.

Types of financial sanctions

There are two main types of financial sanctions:

- **Asset freezing:** Freezing is the prohibition to transfer, convert, dispose, or move any funds or other assets that are owned or controlled by listed individual, groups, or entities. It includes:
 - The Freezing of funds and other financial assets and economic resources, and includes preventing their use, alteration, movement, transfer, or access.
 - The Freezing of economic resources also includes preventing their use to obtain funds, goods, or services in any way, including, but not limited to, by selling, hiring, or mortgaging them.

As an example:

- For financial institutions: a freezing measure can be suspending access to bank accounts or blocking transactions.
- For DNFBPs: a freezing measure can be stopping the facilitation of or blocking the transfer of ownership of immovable or movable assets.

- **Prohibition to offer funds and services:** This means the prohibition to provide funds to, or render financial services or other services related to, any listed individual, group, or entity. This includes, for example, the opening of banking subsidiaries in the sanctioned jurisdictions, the provision of financial services or trading in natural resources (including oil) and providing internet and/or telecommunications services.

As an example:

- For financial institutions: offering banking or transactional services.
- For DNFBPs: the provision of any services, such as legal services to transfer asset ownership, the buying or selling real estate, selling jewellery, precious metals, etc.

How long do these measures last?

Asset freezing and prohibition measures have **no time limit**: the funds must remain frozen, and the prohibition to offer funds and services stands until the individual, group, or entity is removed from the Local Terrorist List or the UN List or until there is a freezing cancellation decision made by a competent authority or the UNSC.

Section 3: What is the purpose of Targeted Financial Sanctions (TFS)?

The purpose of TFS is to deny certain individuals, groups, organizations, and entities the means to violate international peace and security, support terrorism or finance the proliferation of weapons of mass destruction. To achieve this, it seeks to ensure that no funds, financial assets, or economic resources of any kind are available to listed actors for so long as they remain subject to the restrictive measures.

The target financial sanctions are implemented in the UAE following UNSCR with relation to:

- **Terrorism and terrorist financing:**

The sanctioned (listed) individuals, groups, or entities include:

1. Islamic State in Iraq and the Levant (Da'esh), Al-Qaida, and associated individuals, groups, undertakings and entities.	Listed by the United Nations Security Council.
2. The Taliban, and associated individuals, groups, undertakings, and entities.	
3. Any individual or entity included in the Local Terrorist List, according to UNSCR 1373 (2001)	Listed by the Cabinet of the United Arab Emirates.

- **The proliferation of weapons of mass destruction (WMD):**

1. Democratic People's Republic of Korea (DPRK): nuclear-related, other weapons of mass destruction-related and ballistic missile-related programmes.	Listed by the United Nations Security Council.
2. Islamic Republic of Iran: nuclear programme	

- **Other UN sanctions regimes with TFS**

1. Somalia	Listed by the United Nations Security Council.
2. Iraq	
3. Democratic Republic of Congo (DRC)	

4. Related to the involvement of terrorist bombing in Beirut (2005) plus restrictive measures in relation to UNSCR 1701 (2006) on Lebanon	
5. Libya	
6. Central African Republic (CAR)	
7. South Sudan	
8. Mali	
9. Yemen	

Person (natural and legal) should note that TFS restrictions published by the UN and the Local Terrorism List are subject to change. It is the obligation of all individuals and entities to ensure relevant controls and procedures are in place to maintain relevant and up-to-date controls in order to effectively implement TFS restrictions. The updated Sanctions Lists are published on the Executive Office and the UN website.

Who is the target of these measures?

The freezing measures, including the prohibition of making funds available, apply to:

- A. Any individual, group, or entity listed in the Local Terrorist List defined by the Federal Cabinet or listed by the UNSC in its Consolidated Sanctions List.
- B. Any entity, directly or indirectly owned or controlled by an individual or entity listed under A.
- C. Any individual or entity acting on behalf of or at the direction of any individual or Entity listed under A & B.

Important:

In cases where an asset owned or controlled in part or in full by a listed individual or entity and such asset continues to produce benefit, for example in the form of dividends or interest, the relevant portion of such benefit is also subject to freezing measures.

Where to find the updated Sanctions Lists?

The list of individuals, or entities is subject to change. The most updated information can be found in the following links:

- The UN Security Council has a Consolidated List of all the sanctioned individuals, groups, or entities by the UN Sanctions Committees (UN List). The link to this list is: <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>
- Any individual or entity listed by the UAE (Local Terrorist List): The link to the Local Terrorist List: <https://www.uaieic.gov.ae>.

What does 'funds' mean?

Funds: Assets of any kind and in whatever form, whether tangible, intangible, electronic, digital, cryptic, movable or immovable, corporeal or incorporeal, however acquired, and any documents or instruments in any form, including national currency, foreign currencies, documents or deeds establishing ownership of such assets or any associated rights or interest in them, in whatever form, including electronic, and digital, forms, or any interests, profits or income derived or earned from such assets, as well as **economic resources** considered as assets of any kind, and that may be used to obtain any funds, goods or services including internet posting services or related services.

Categories of funds: All types of funds or assets are subject to freezing measures. The funds can be categorised into the following types:

1. Assets

Funds and other financial assets subject to sanctions are, for example, the following:

- a. Cash, cheques, claims on money, drafts, money orders, bearer instruments, internet-based and other electronic or digital payment instruments, including virtual currencies.
- b. Deposits with financial institutions or other entities and balances on accounts, including but not limited to: (1) fixed or term deposit accounts, (2) balances on share trading accounts with banks, brokerage firms, or other investment trading accounts.
- c. Debts and debt obligations, including trade debts.
- d. Other accounts receivable, notes receivable, and other claims of money on others.
- e. Equity and other financial interest in a sole trader or partnership.
- f. Publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures, and derivatives contracts.
- g. Interest, dividends, or other income on or value accruing from or generated by assets.
- h. Credit, right of set-off, guarantees, performance bonds or other financial commitments.
- i. Letters of credit, bills of lading, bills of sale; notes receivable and other documents evidencing an interest in funds or financial resources and any other instruments of export-financing.
- j. Insurance and reinsurance.

2. Economic resources

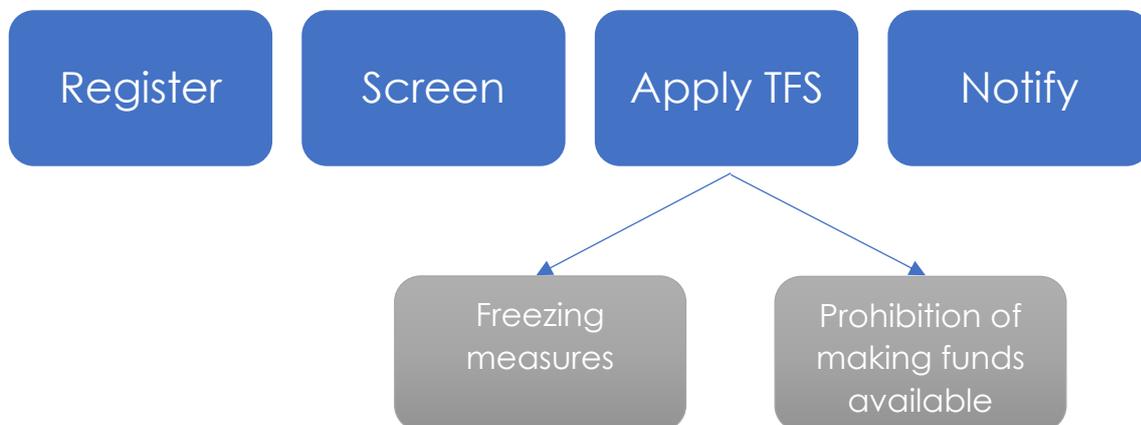
Economic resources subject to sanctions include assets of any kind, whether tangible or intangible, movable, or immovable, actual, or potential, which potentially may be used to obtain funds, goods, or services, such as:

- a. Land, buildings, or other real estate.
- b. Equipment, including computers, computer software, tools, and machinery.

- c. Office furniture, fittings and fixtures and other items of a fixed nature.
- d. Vessels, aircraft, and motor vehicles.
- e. Inventories of goods.
- f. Works of art, cultural property, precious stones, jewelry, or gold.
- g. Commodities, including oil, minerals, or timber.
- h. Arms and related materiel, including all items mentioned in the arms embargo, included but not limited to: weapons and ammunition, military vehicles and equipment, paramilitary equipment, and spare parts for the aforementioned, and technical advice, assistance, or training related to military activities.
- i. Raw materials and components that can be used to manufacture improvised explosive devices or unconventional weapons, including but not limited to chemical components, detonating cord, or poisons.
- j. Patents, trademarks, copyrights, trade names, franchises, goodwill, and other forms of intellectual property; k. internet hosting or related services.
- k. Any other assets.

Section 4: Obligations on UAE Persons to implement TFS regimes

All Persons (natural and legal) in the UAE, including financial institutions and DNFBPs, must:



1. **Register** at the Executive Office website to receive automated email notifications:
<https://www.uaeiec.gov.ae>

This registration is aimed to help financial institutions and DNFBPs to receive updated and timely information about the listing and de-listing of individuals or entities in the Local Terrorist List and in the UN List.

2. **Screen:** Undertake ongoing and daily checks to the following databases to identify possible matches with names listed in the Sanctions Lists issued by the UN List or the UAE Local Terrorist List:

- a. Existing customer databases.
- b. Names of parties to any transactions.
- c. Potential customers.
- d. Beneficial owners.
- e. Names of individuals or entities with direct or indirect relationships with them.
- f. Customers before conducting any transactions or entering a business relationship with any Person.
- g. Directors and/or agents acting on behalf of customers (including individuals with power of attorney).

Important: Initial screening must be performed PRIOR to the onboarding of a customer and/or facilitation of an occasional transaction. Thereafter, screening should be done daily at the institution's own initiative. The Sanctions Lists are continuously updated and available on the Executive Office's website and the UN website online.

3. Apply Targeted Financial Sanctions: The following are the measures that must be implemented if a match with the UN List or the Local Terrorist List is identified.

- I. **Freeze all funds:** freeze, without delay (immediately or in any case within 24 hrs.) and without prior notice to the Listed individual or entity all the funds:
 - a. Owned or controlled, wholly or jointly, directly, or indirectly, by a individual or entity listed by the Cabinet or the UN list.
 - b. Derived or generated from funds under item (a); or
 - c. Any individual or entity acting on behalf of or at the direction of any individual or entity under item (a).

Important: The obligations to freeze shall not prevent additions to frozen accounts of:

- interest, profits, or other earnings due on the account; or
- of payments due under contracts, agreements or obligations agreed upon prior to the date on which the account has become subject to Freezing, provided such additions are immediately frozen.

- II. **Prohibition of making funds available:** No Person (natural and legal) in the UAE is permitted to provide funds to or render financial services or other services related to, whether in whole or in part, directly or indirectly, or for the benefit of any listed individual or group on the Local Terrorist List or on the UN list.

4. Notify:

- I. Financial institutions and DNFBPs must report within 2 business days from taking any freezing measure and/or attempted transactions to the relevant Supervisory Authority and Executive Office.
- II. Any other individual or entity must notify within 2 business days from taking any freezing measure and/or attempted transactions to the Executive Office. Please refer to the contact information provided at the end of this guidance document.

Additional Obligations for Financial Institutions and DNFBNs

In addition to the above, FI and DNFBNs must fulfill the following obligations:

1. **Cooperate** with the Executive Office and the relevant Supervisory Authority in verifying the accuracy of the submitted information.
2. **Implement the freezing cancellation or lifting decision**, when appropriate, without delay, pursuant to Related UNSCR or decisions of the Cabinet regarding issuance of Local Terrorist List.
3. **Set and implement:**
 - I. **Internal controls and procedures** to ensure compliance with the obligations arising from Cabinet Resolution No. 74 of 2020.
 - II. **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 No. 74 of 2020.

Through internal controls, policies, and procedures, each financial institution and DNFBN in the UAE can define the relevant compliance processes and practices to effectively implement these measures, using a risk-based approach that considering the characteristics of their business, clientele, geographical scope and sanctions risk exposure.

How to identify a match to apply TFS?

As explained above, all financial institutions and DNFBNs must screen on an ongoing basis, and at least daily, their customers, potential customers, beneficial owners, and transactions to identify possible matches to the Local Terrorist List or UN List. Sanctions Lists contain a range of information to aid the identification of listed individual or entity. The following are examples of the information contained in the Sanctions lists:

For natural person	For legal persons
<ul style="list-style-type: none">• Name• Aliases• Date of birth• Nationality• ID or passport information• Last known address	<ul style="list-style-type: none">• Name (s)• Aliases• Address of registration• Address of branches• Other information

Because many names are very common, you may find various **potential matches**. However, it does not necessarily mean that the individual or entity you are dealing with is subject to TFS.

When identifying the potential match, suspend any transaction until you can be satisfied it is not an individual or entity subject to TFS ('**false positive result**').

Then by taking into consideration the knowledge you have of the customer, potential customer, beneficial owner, or transaction, through the customer due diligence and/or using

reasonable information, if you are satisfied that the individual or entity with a potential match is not subject to TFS, you do not need to implement any measure, you may allow the transaction or business to continue its normal course, and you are required to maintain evidence of this process in their records.

However, suppose there is any indication or suspicion that the potential result may be a confirmed match ('**confirmed match**') or there is actually a confirmation that it is a confirmed match. In that case, you must implement the freezing measures without delay, refrain from offering any funds or services, and notify the relevant Supervisory Authority and the Executive Office within 2 business days from taking any freezing measure and/or attempted transactions.

Note that: If the individual or entity you are dealing with matches all or most of the information on any of the Sanctions Lists, then this is likely to be a confirmed match. In this case, you must implement the freezing measures immediately, refrain from offering any funds or services, and notify the relevant Supervisory Authority and the Executive Office immediately.

Potential match	A potential match is when there is any match between data in the Sanctions Lists with any information in your databases.
Confirmed match	A confirmed match is when a potential match has been confirmed to be the individual, group or entity subject to TFS or when there is any <i>doubt, indication, or suspicion</i> that the potential match may correspond to a individual, group or entity subject to TFS.
False positive result	A false positive result is when a potential match was discharged.

How to implement freezing measures?

Any percentage of ownership must trigger a freezing measure in relation to the asset owned by the listed individual, group or entity. Equally, freezing measures must be implemented when there is any information or indication that there are funds controlled (directly or indirectly) by the listed individual, group, or entity.

In cases where a listed party owns or controls funds or other financial assets or economic resources in which unlisted individual or entity also have a segregable interest. For example, if a listed person owns or controls 1% of a legal entity, the freezing measure must be applied only on the share of the asset owned or controlled by the listed party.

If an asset is owned or controlled by a listed party and an unlisted party, and the interest owned or controlled by the unlisted party cannot be segregated, the entire asset should be subject to the freeze. For example, a bank account is owned by a person listed and by a family member not subject to sanctions, then the bank account must be frozen.

The concept of ownership and control for legal entities

In the case of individuals or entities the freezing measure must be applied to the entire entity or arrangement when it is owned or controlled mainly or fully by a listed individual or legal entity.

The criterion to be taken into account when assessing whether a individual or legal entity is mainly owned by another individual or legal entity is the possession of more than 50% of the proprietary rights of an entity or having majority interest in it. If this criterion is satisfied, it is

considered that the individual and legal entity or arrangement is owned by another individual or entity.

The criteria to be taken into account when assessing whether an individual or legal entity or arrangement is mainly controlled by another person or entity, alone or pursuant to an agreement with another shareholder or other third party, could be any of the following:

- a. having the right to appoint or remove a majority of the members of the administrative or management body of such legal person, entity, group or arrangement;
- b. having appointed solely as a result of the exercise of one's voting rights a majority of the members of the administrative or management body of a legal person, entity, group or arrangement who have held office during the present and previous financial year;
- c. controlling alone, pursuant to an agreement with other shareholders in or members of a legal person, group or entity, a majority of shareholders' or members' voting rights in that legal person, entity, group or arrangement;
- d. having the right to exercise a dominant influence over a legal person, group or entity, pursuant to an agreement entered into with that legal person, entity, group or arrangement, or to a provision in its Memorandum or Articles of Association, where the law governing that legal person, entity, group or arrangement permits its being subject to such agreement or provision;
- e. having the power to exercise the right to exercise a dominant influence referred to in point (d), without being the holder of that right;
- f. having the right to use all or part of the assets of that legal person, entity, group or arrangement;
- g. managing the business of that legal person, entity, group or arrangement on a unified basis, while publishing consolidated accounts;
- h. sharing jointly and severally the financial liabilities of legal person, entity, group or arrangement, or guaranteeing them.

Section 5: Reporting Obligations

General Obligations

Any Person or entity must report, within 2 business days, from taking any freezing measure and/or attempted transactions to the Supervisory Authorities and the Executive Office. The Supervisory Authorities must report to the EO within the following 3 business days. The information must arrive to the EO maximum within 5 days from when the freezing action was taken or from when the attempted transaction took place.

Financial institutions and DNFBPs must provide all information relating to the frozen funds, including their status, nature, value and the measures taken in respect, and any other related information.

Reporting obligations of the financial institutions and DNFBPs

In addition to the general obligations, financial institutions and DNFBPs must also report the following to the relevant Supervisory Authority and the Executive Office:

- Identification of funds and/or actions that have been taken as per requirements of Relevant UNSCRs or decisions of the UAE Cabinet regarding the issuance of Local Terrorist List, including attempted transactions pursuant to Cabinet Resolution No. 74 of 2020.
- Detection of any match with listed individual, group or entities, details of the match data, and actions that have been taken as per the requirements of Relevant UNSCRs or decisions of the UAE Cabinet regarding the issuance of Local Terrorist List, including attempted transactions.
- If the institution has identified that one of its previous customers or any occasional customer, is listed on the Sanctions Lists.
- If there is any indication that one of its customers or former customers, or a person with whom it has a business relationship or facilitated a transaction is listed or has a direct or indirect relationship with the listed individual or entity.
- When there is an inability to dismiss such false positive through available or accessible information and after taking the freezing measure.
- Information relating to the funds in respect of which Freezing has been cancelled, including their status, nature, value and the measures that were taken in respect thereof, and any other related information.

Section 6: Enforcement of TFS

Consequences for any Person

Failing to comply with these obligations, any natural or legal person will be subject to Imprisonment or a fine of no less than AED 50,000 (fifty thousand dirhams) and no more than AED 5,000,000 (five million dirhams).

Consequences for Financial Institutions or DNFBPs

Financial institutions and DNFBPs are subject to supervision, and in case of identifying a non-compliance, they can apply the enforcement actions set out under the Federal Decree-Law No. 20 of 2018 on Anti-Money Laundering (AML) and Counter-Terrorist Financing (CFT).

The supervisory authorities of the financial institutions and DNFBPs have the legal capacity to supervise the implementation of targeted financial sanctions.

The supervisory authorities may also issue the following administrative sanctions:

- a. Letter of warning.
- b. Administrative penalties of no less than AED 50,000 (fifty thousand dirham) and no more than AED 5,000,000 (five million dirham) for each violation.
- c. Banning the violator from working in the sector related to the violation for the period determined by the supervisory authority.
- d. Constraining the powers of the Board members, supervisory or executive management members, managers or owners who are proven to be responsible of the violation including the appointment of temporary inspector.
- e. Suspend Managers, board members and supervisory and executive management members who are proven to be responsible of the violation for a period to be determined by the Supervisory Authority or request their removal.
- f. Suspend or restrict the activity or the profession for a period to be determined by the supervisory authority.
- g. Cancel the License.

Liability: exemption in case of good-faith implementation of freezing measures

A Person who, in good faith, freezes funds, denies disposal thereof, or refuses to provide financial services relating to listed individual, group or entity, or declined to perform any other obligation in compliance with the provisions of Cabinet Resolution No. 74 of 2020 shall be exempt from any damages or claims, resulting from such actions, including penal, civil, and/or administrative liability.

Section 7: Requesting an exemption or permission to access frozen funds

Frozen funds from designations in Local Terrorist List

An individual or entity listed in the Local Terrorist Lists, or his/her legal representative, and any stakeholder may request access to all or part of the frozen funds for any of the following purposes:

- a. To cover necessary or basic expenses (including for humanitarian needs), such as the amounts payable for foodstuffs, rent, mortgage, medicine, medical treatment, insurance premiums, educational and judicial fees, and public utility fees.
- b. To pay professional fees and costs relating to rendered legal services and other exceptional expenses within reasonable limits, or services relating to safekeeping or management of frozen Funds.
- c. Extraordinary expenses To cover extraordinary expenses or costs other than those mentioned under the above.

Procedure

The procedure to request permission to use the frozen funds is the following:

1. Send a written request to access all or part of the frozen funds accompanied with all supporting documents to the Executive Office by email to iec@uaeiec.gov.ae
 - o Follow the procedures and attach all supporting documents to substantiate your claim, as stated at <https://www.uaeiec.gov.ae/>.
2. The Executive Office will send the request to the Ministry of Justice for its consideration in coordination with the Supreme Council.
3. The Ministry of Justice may approve or reject the use of the frozen funds, in part or in whole.
4. The Executive Office will notify the applicant, in writing, of the approval or rejection of the request.

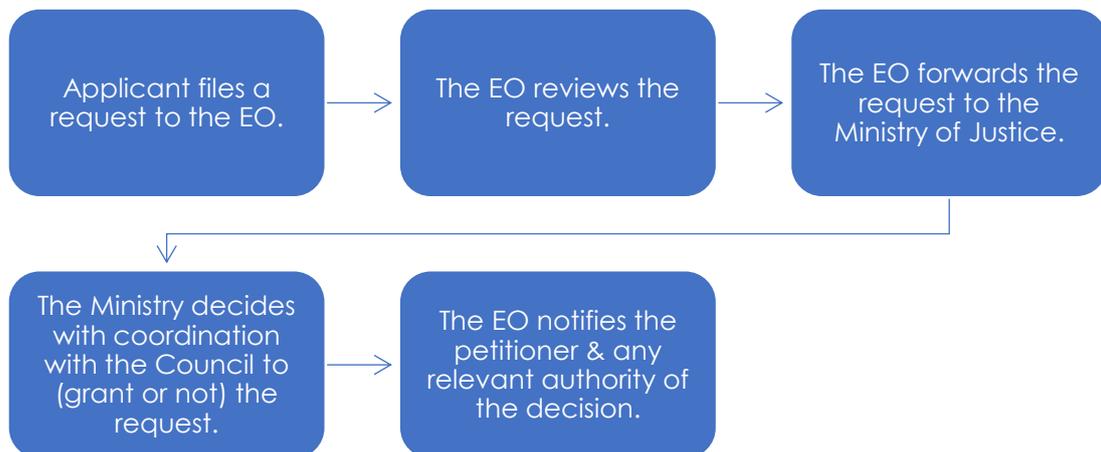


Exhibit 1: Procedure to request permission to use funds subject to Local Terrorism List

Grievances to the court

In case the application is rejected, or if no response to it is received after 30 days from the date of its submission, the applicant may file a grievance before the Competent Court within 30 days from the date when he/she was notified of the rejection, or after the response period of 30 days has elapsed.

The applicant may not appeal against the rejection of the request until a grievance against it is duly filed and rejected, or the period for responding to it has elapsed, and the applicant has notified the Executive Office and Competent Court of its intention to appeal the ruling.

Frozen funds due to the UN List

Any individual, group, group, or entity affected by a freezing measure may submit a written request to unfreeze all or part of the funds to the Executive Office. This request must be

submitted by the affected person or his/her legal representative, accompanied by all supporting documents.

1. To cover basic expenses:

The Executive Office may consider a request for access to funds frozen as per the UN List, in the following basic expenses:

- a. To cover necessary or basic expenses (including for humanitarian needs), such as the amounts payable for foodstuffs, rent, mortgage, medicine, medical treatment, taxes, insurance premiums, educational and judicial fees, and public utilities fees.
- b. To pay professional fees and costs relating to rendered legal services and other exceptional expenses within reasonable limits or services relating to safekeeping or management of frozen Funds.

The Executive Office must notify the UNSC or the relevant UNSC Sanctions Committee of its intention to approve the submitted application. In case the relevant UNSC Sanctions Committee does not object or issue a decision, the Executive Office may order that the approved amounts of funds are unfrozen.

Procedure

The procedure to request permission to access the frozen funds is the following:

1. Submit a written request to the Executive Office accompanied by email iec@uaeiec.gov.ae with all supporting documents.
 - o Follow the procedures and attach all supporting documents to substantiate your claim stated in <https://www.uaeiec.gov.ae>.
2. The Executive Office reviews the request.
3. The Executive Office notifies the relevant UNSC Sanctions Committee of its intention to approve the request.
4. The Executive Office may decide to grant the request upon no objection or other notification from the UNSC or relevant UNSC Sanctions Committee.
5. The Executive Office notifies the applicant and the relevant Supervisory Authority.

The Executive Office may revoke the decision to use funds frozen under the Sanctions Lists at any time and when having reasonable grounds for a suspicion that the funds are used for any purpose other than permitted, in writing, in the approved application request.

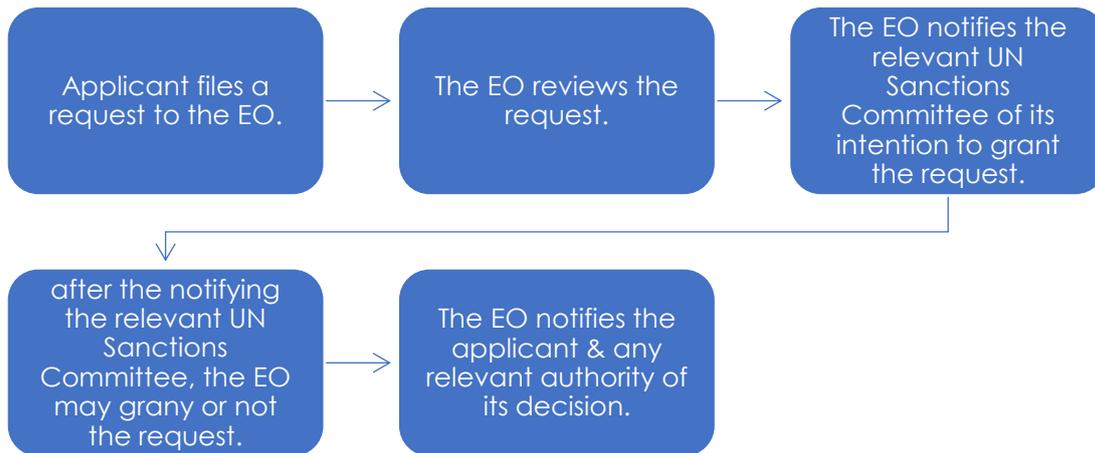


Exhibit 2: Procedure to request permission to use funds subject to the UN List for the purposes of basic expenses

2. To cover extraordinary expenses

The Executive Office may forward the request to the relevant UNSC Sanctions Committee to access funds frozen as per the UN List, in the following cases:

- To cover extraordinary expenses, other than those mentioned under the basic expenses section above.

The Executive Office will notify the relevant UNSC Sanctions Committee of the request to approve the submitted application and may only approve such request upon obtaining from the UNSC Sanctions Committee's written approval. In the absence of written approval, the Executive Office will not grant the request.

The Executive Office will notify the applicant or his/her legal representative, of the decision to enable use of the funds frozen as per the Sanctions Lists, , in writing.

Procedure

The procedure to request permission to access the frozen funds is the following:

1. Submit a written request to the Executive Office through email to iec@uaeiec.gov.ae accompanied with all supporting documents.
 - Follow the procedures and attach all supporting documents to substantiate your claim stated in <https://www.uaeiec.gov.ae>
2. The Executive Office reviews the request.
3. The Executive Office forwards the request to the relevant UNSC Sanctions Committee.
4. The UNSC Sanctions Committee decides on the requests and notifies the Executive Office.
5. The Executive Office notifies the applicant and the relevant Supervisory Authority.

The Executive Office may revoke the decision to use funds frozen under the Sanctions Lists at any time and when having reasonable grounds for a suspicion that the funds are used for financing terrorism or financing proliferation of weapons of mass destruction.

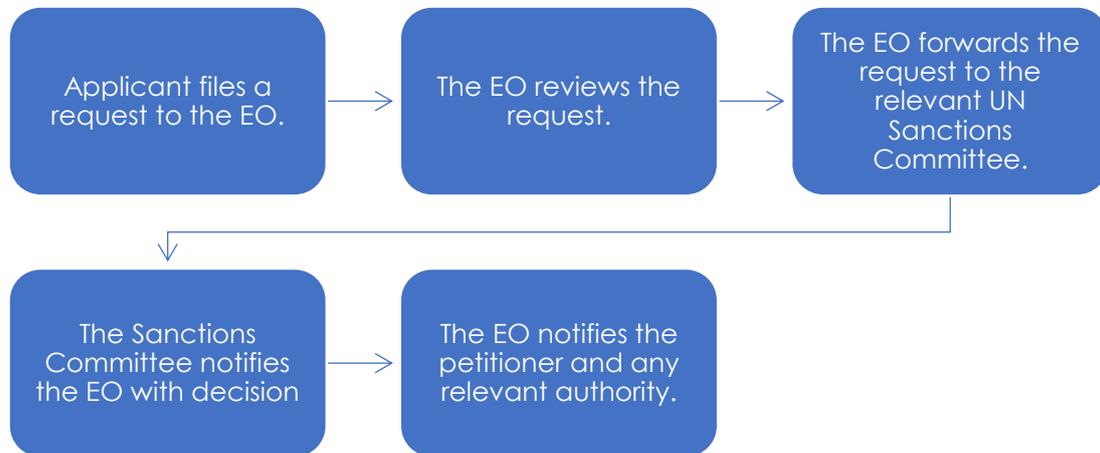


Exhibit 3: Procedure to request permission to use funds subject to the UN List for the purposes of extraordinary expenses

Grievances to the court

If the application for use of funds frozen under the Sanctions Lists is rejected or remains without response for 30 days from date of its submission, the applicant may file a grievance before the Competent Court within 60 days from the date on which he/she was notified of the rejection of the application, or after the response period elapses.

The Court's decision on the grievance may not be appealed, and if the court rules to reject the grievance, a new grievance may only be filed after six months from the date of rejection of the grievance, unless a serious reason that is accepted by the president of the Court arises before the expiry of such period.

An appeal against a decision to refuse the use of frozen funds shall not be accepted before a grievance against it is filed and rejected, or before the period given to respond expires.

Section 8: Procedure to cancel or lift the freezing measures

Freezing procedures and other measures may be lifted when taken against an individual, group or entity who was adversely affected under the following situations:

- An individual, group, or entity that has a name identical or similar to a listed individual, group or entity;
- The designated entity, group or individual has been removed from the list by the relevant authorities; or

- o The individual, group or entity is a third party in good faith who has been adversely or wrongly affected by the freezing measures.

Assets frozen due to the Local Terrorist List

Procedure

The procedure for cancellation of Freezing and any other TFS measures taken against a individual, group or entity with a name identical or similar to a individual, group or entity listed, or the person who has been adversely affected by the Freezing or any of the Other Measures due to be listed in the Local Terrorist List, is the following:

1. Submit a written application to the Executive Office accompanied with all supporting documents to the email: iec@uaeiec.gov.ae.
 - o Follow the procedures and attach all supporting documents to substantiate your claim stated online at <https://www.uaeiec.gov.ae/>.
2. The Executive Office reviews the request and forwards it to the Supreme Council for National Security (Supreme Council) for its decision.
3. The Executive Office notifies the applicant and the relevant Supervisory Authority.

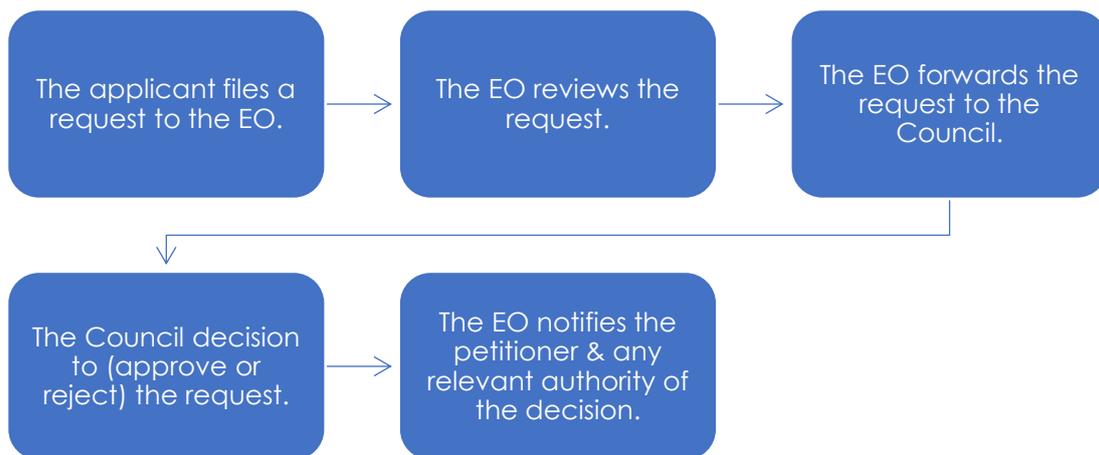


Exhibit 4: Procedure to request the cancellation of freezing and/or other TFS measures as designated by the Local Terrorism List

Grievances to the court

If the application is rejected by the Supreme Council, or if no response to the application is received within 30 days from date of its submission, the applicant may file a grievance before the Competent Court within 60 days from the date of notification of the rejection, or after the response period has elapsed.

The court's decision on the grievance may not be appealed, and if the court rules to reject the grievance, a new grievance may only be filed after 6 months from the date of rejection of the grievance, unless a serious reason that is accepted by the president of the Court arises before the expiry of such period.

Assets frozen due to the UN List

The procedure for cancellation of Freezing and any other TFS measures taken against a individual, group or entity with a name identical or similar to a individual, group or entity listed, or the person who has been adversely affected by the Freezing or any of the Other Measures due to be listed in the UN List, is the following:

Procedure

1. Submit a written application to the Executive Office accompanied with all supporting documents.
 - o Follow the procedures and attach all supporting documents to substantiate your claim stated in <https://www.uaieic.gov.ae/>.
2. The Executive Office reviews the request and decides whether or not to grant the request.
3. The Executive Office notifies the applicant and the relevant Supervisory Authority.

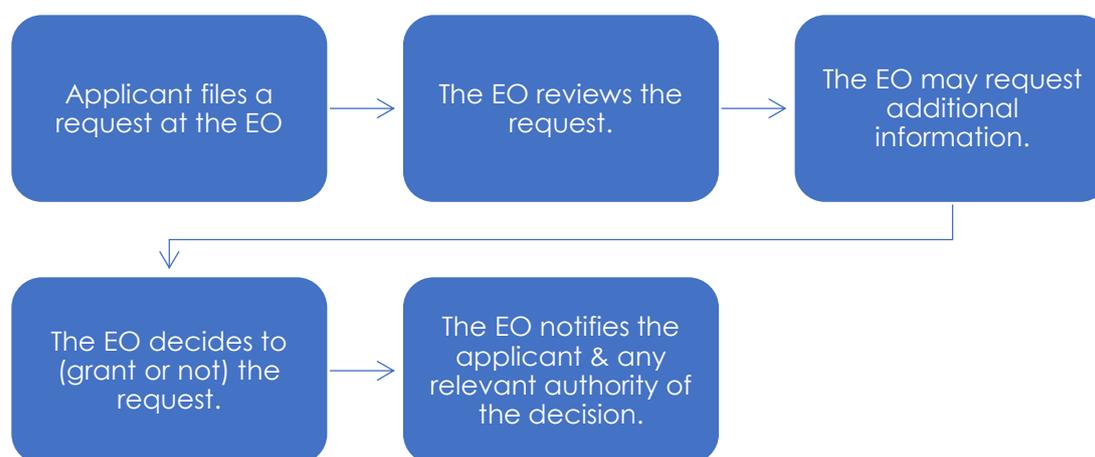


Exhibit 5: Procedure to request the cancellation of freezing and/or other TFS measures subject to the UN Sanctions List

If the request to lift Freezing and Other Measures is rejected or remains without a response for thirty days from the date of its submission, the applicant may file a grievance before the Competent Court within sixty days from the date on which he/she was notified of the rejection of the request, or after the response period elapses.

The court's decision regarding the grievance shall not be subject to appeal. If a grievance is rejected, a new grievance may only be submitted after six months from the date of rejection of the previous grievance, unless a serious reason that is accepted by the president of the Court arises before the expiry of such period.

Section 9: Requesting the Removal or De-listing of a Designation from the Local Terrorist List

Any individual or entity listed in the Local Terrorist List can submit a grievance against the listing decision. The request for removal can also apply for:

- A deceased individual; or
- An entity that no longer exists.

Procedure

1. Submit an application to the Executive Office, attaching thereto all documents supporting the grievance.
 - Attach all supporting documents in accordance with the relevant UN Sanctions Committee procedure to substantiate your claim by email to iec@uaeiec.gov.ae.
2. The Executive Office shall refer the request to the Supreme Council.
3. The Supreme Council communicates the request to the Cabinet for its decision.
4. The Executive Office notifies the applicant and relevant authorities.

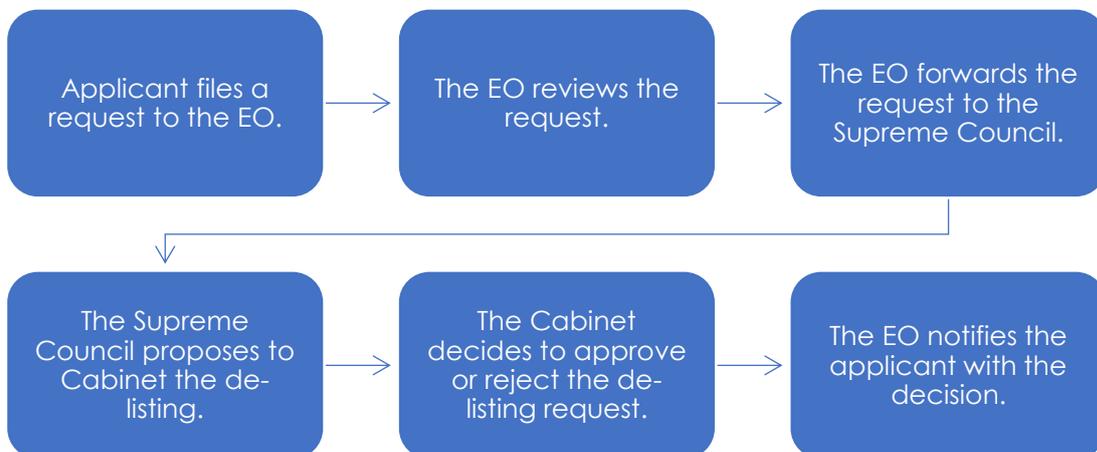


Exhibit 6: Procedure to request the removal of freezing and/or other TFS measures as designated by the Local Terrorism List

Grievances to the court

In case the grievance was rejected or remained un-responded to for 60 days from date of its submission, the grievant may challenge the Cabinet's listing decision before the Competent Court within 60 days from the date he was notified of the rejection or lapse of the response period.

The court's decision regarding the grievance shall be incontestable. If a grievance was rejected, a new grievance may only be submitted after the lapse of 6 months from date of rejection of the previous grievance, unless a serious reason acceptable to the chairman arises before expiry of such period.

Section 10: Requesting the Removal or De-listing of a Designation from the UN List

Any individual or entity listed by the UNSC can submit a request for removal of the UN List to the applicable UNSC Sanctions Committee, following the procedures for submitting de-listing requests pursuant to each UNSC Sanctions Committee:

De-listing procedures include, for example:

- ❖ [1718 Sanctions Committee - Democratic People's Republic of Korea](#)
- ❖ [1988 Sanctions Committee - The Taliban, and associates](#)
- ❖ [For other UN Sanctions Committees](#)

De-listing procedures related to ISIL (Da'esh) and Al-Qaida Sanctions include, for example:

- ❖ [UNSCR 1267 \(1999\), 1989 \(2011\) de-listing procedure](#)
- ❖ [Ombudsperson to the ISIL \(Da'esh\) and Al-Qaida Sanctions Committee](#)
- ❖ [Focal Point for De-listing](#)

The request for removal can also apply for:

- A deceased individual; or
- An entity that no longer exists.

Procedure:

1. Submit an application to the Executive Office, attaching thereto all documents supporting the grievance by email to iec@uaeiec.gov.ae.
 - Attach all supporting documents in accordance with the relevant UNSC Sanctions Committee procedures to substantiate your claim.
2. The Executive Office shall refer the request to the Supreme Council to review it.
3. With the Supreme Council's coordination, the Executive Office forwards the request to the relevant UNSC Sanctions Committee via the MOFAIC.
4. The Executive Office notifies the applicant and the relevant authorities.

Contact us

Send an email to contact the Executive Office of the Committee for Goods and Materials Subject to Import and Export Control to iec@uaeiec.gov.ae.

Appendix: Frequency Asked Questions

What does 'freezing' mean?

Freezing means the prevention of any transfer, conversion, disposition, or movement of any funds or other assets that are owned or controlled by listed individual or legal entities.

What does 'funds' mean?

Funds mean assets of every kind, and in whatever form, whether tangible, intangible, electronic, digital, cryptic, movable or immovable, corporeal or incorporeal, however acquired, and any documents or instruments in any form, including national currency, foreign currencies, documents or deeds establishing ownership of such assets or any associated rights or interest in them, in whatever form, including electronic, and digital, forms, or any interests, profits or income derived or earned from such assets, as well as economic resources considered as assets of any kind, and that may be used to obtain any funds, goods or services including internet posting services or related services.

Why are individuals or legal entities listed in the sanction lists?

These Sanction Lists include names of individuals, legal entities and groups that the UAE or the UN believe are detrimental to national or/and global peace and security. These individuals or legal entities or groups are mostly involved in acts of terror and violation of International Law.

Who must comply with Targeted Financial Sanctions (TFS) regimes?

Sanctions restrictions, including TFS measures, must be implemented by any Person (both natural or legal entities) located in the UAE, including governmental authorities. UAE Persons (both natural and legal entities) must also comply with the sanctions restrictions when they are located or engaged in activities abroad.

What are the consequences in case of a failure to comply with the obligations set out in Cabinet Resolution No. 74 of 2020, other applicable legislation and this guidance note?

Any Person, found to violate and/or be in non-compliance with the obligation in the Cabinet Resolution No.74 of 2020 or failing to implement procedures to ensure compliance may face imprisonment or a fine of no less than AED 50,000 (fifty thousand dirham) and no more than AED 5,000,000 (five million dirham).

What actions must an individual or legal entity take if designated Funds are detected?

1. In case a financial institution or DNFBP determines that any of the funds it holds or administers are targeted funds as indicated above, it shall take the following steps:
 - I. Immediately freeze all funds and any funds derived or generated from such funds without providing any notice to the customer or potential customer.
 - II. Refrain from providing any financial or other services or from providing funds to or for the benefit of a listed individual, group, or legal entity.
 - III. Immediately inform the Executive Office and the relevant Supervisory Authority of the freezing measures taken.

- IV. Fully cooperate with the Supervisory Authority and the Executive Office in verifying the accuracy of the information provided.
- V. Inform the Supervisory Authority within two days of the freezing measure, including information on the status of and any action taken with respect to assets, the nature of assets and amount of assets frozen, and any other information that is relevant to or would facilitate compliance with relevant UNSC resolutions.

What is the legal framework for the implementation of the United Nations and National Terrorist Sanctions Lists?

The UAE issued Federal Cabinet Resolution No. 74 of 2020, establishing the framework regarding the targeted financial sanctions, including the Local Terrorist List and the UN Consolidated List.

How can I find out who is a listed individual, group, or legal entity?

For an individual, group, or legal entity's activity to become targeted and thus subject to a freezing obligation and/or other restrictive measures under the Cabinet Resolution No. 74 of 2020, that individual, group, or legal entity first has to be "designated" as falling within the scope of a relevant UNSC Resolution. Either the UNSC or the relevant United Nations Sanctions Committee makes such "designations".

The updated Sanction Lists can be accessed through the following website: <https://www.uaieec.gov.ae/en-us/United-Nations-Security-Council-Sanctions>.

For a better experience, it is advisable to subscribe to our mailing list to receive updates regarding the UN List and the Local Terrorist List.

What needs to be done if a current or former customer is listed?

If a current or former customer with whom the financial institution or DNFBP has or had dealings (i.e. business relationship or facilitating of an occasional transaction) became listed. A financial institution or DNFBP must freeze any assets and must not offer access to any additional funds or services and must immediately inform the Supervisory Authority or the Executive Office.

Can permission be obtained to access frozen assets by the listed individual or legal entity?

- For the UN List, the Executive Office, in limited circumstances, may permit access to frozen funds based on a request by the listed individual or legal entity. Financial institutions and DNFBPs will, in such case, receive a written statement from the Executive Office stating the amount and conditions of access to the assets.
- For the Local Terrorist List, the Ministry of Justice may permit access to frozen funds in some limited circumstances based on a request by the listed individual or legal entity. Financial institutions and DNFBPs will, in such case, receive a written statement from the Ministry of Justice stating the amount and conditions of access to the assets.

May I permit transfers to be made into frozen accounts, and if so, which ones are subject to what conditions?

- The Cabinet Decision provides that financial institutions may credit frozen accounts with interest or other earnings on those accounts; or with payments due under contracts, agreements, or obligations that were concluded or arose before the date on which the individual or legal entity was listed, provided that any additions to such accounts shall also be frozen.
- The Supervisory Authority and the Executive Office must be notified about such transactions.

Can I be held liable for freezing funds of a listed individual or legal entity based on the Cabinet Decision?

The Cabinet Decision clearly states that any individual or legal entity is exempted from criminal, administrative, or civil liability if a freezing measure is carried out in good faith and for the purpose of complying with the provisions of the Cabinet Decision. Thus, as long as the freezing measures were taken based on the belief that the relevant funds are targeted funds, the individual or legal entity, financial institution, or DNFBP is exempted from any liability resulting from such freezing measure even if it later turns out that the frozen funds are in fact not targeted by the Cabinet Decision.

At the same time, financial institutions and DNFBP or profession shall note that the criminal sanctions may apply to any Person who violates or fails to comply with the freezing obligation. Accordingly, both intentional and gravely negligent conduct resulting in the lack of application of a freezing measure may trigger administrative sanctions and/or criminal liability.

What if my customer's name does not match exactly or I am suspicious that the customer is listed or acting on behalf of a listed person?

In case of a partial match or suspected match with a listed individual or legal entity, a financial institution or DNFBP must freeze the assets and must immediately contact the relevant supervisory authority.

How can I determine whether I am in possession of targeted funds?

Financial institutions and DNFBPs are responsible for having in place effective processes, policies and procedures to implement the provisions of the Cabinet Decision No. 74 of 2020. This involves frequently checking the customer databases and any information obtained on potential or existing customers against UN designations and Local Terrorist List to determine whether a financial institution or DNFBP possesses or administers funds for listed individuals or legal entities. The obligation by financial institutions and DNFBPs to freeze funds of listed individual or legal entity applies immediately after a designation was published by a relevant UN Sanctions Committee or in the Local Terrorist List.

Failure by a financial institution or DNFBP to apply freezing measures, immediately or in any case within 24 hours after a designation has been made, or otherwise provide funds or services to or for the benefit of a listed individual or legal entity, constitutes a breach of UAE law and may result in the application of both pecuniary and incarceration sanctions set out in the Cabinet Decisions set out as per the list in this document.

Some financial institutions and designated businesses and professions rely on externally provided screening services (e.g., World Check) and other providers to verify that their clients are not subject to any UN sanctions. It is important to note in this regard that such online services are useful but should not be viewed as an absolute guarantee of compliance with the obligations under the Cabinet Decisions. Additional periodic checks against the

designations made by the UN Sanctions Committees and the Local Terrorist List must be carried out.

How long do I have to keep funds frozen?

The Cabinet Decisions do not limit the timeframe for any given freezing measure. Accordingly, the obligation to keep funds frozen could apply indefinitely in some cases.

A decision by the competent UN Sanctions Committee or the UAE Cabinet to remove a name from the Sanctions Lists of listed individual or legal entities also terminates the obligation to freeze funds in relation to that individual or legal entity. A financial institution or DNFBP may only lift a specific measure if it can verify that the competent UNSC Sanctions Committee or the UAE Cabinet has indeed removed the relevant individual or legal entity from the list of designations.

What shall I do if my name is similar to a listed person?

In case freezing measures were taken in relation to funds of a person that has the same name as a listed individual or legal entity but who is in fact not the same person, such person can send a request to lift the freezing measures to the Executive Office.

Is my supervisory authority going to check compliance with the Cabinet Decision in the course of their onsite inspections?

The Cabinet Decision No. 74 of 2020 provides that financial institutions and DNFBPs are under an obligation to have in place adequate processes, policies and procedures, including resourcing thereof, to verify that they are complying with all aspects of the relevant Cabinet Decisions. Supervisory authorities will verify compliance by financial institutions and DNFBPs with this obligation during their supervisory activities. A failure to have in place such procedures may result in the application of criminal as well as supervisory sanctions as stipulated in the Cabinet Decisions.