

# AML Manual Guide



This guidance note aims to provide a quick reference guide as to how to build a firm's AML program, which types of business are subject to ADGM Anti Money Laundering and Sanction Rules and Guidance, and where such Businesses may look for information on how they should build their AML program. It does not provide a step by step guide as such details can be obtained from other sources.

The guidance is directed principally at DNFBPs, but may well be useful to those who work in other sectors.

ADGM Anti Money Laundering and Sanction Rules and Guidance came into effect on 15 April 2019.

### **Designated Non-Financial Business and Professionals**

Entities that conduct the following business activities are considered as Designated Non-Financial Business and Professionals (DNFBPs) and are subject to ADGM AML and Sanction Rules and Guidance.

- Law firm, notary firm or other independent legal business
- A real estate agency which carries out transactions with other Persons that involve the acquiring or disposing of real property;
- Accounting firm, audit firm, insolvency firm or taxation consulting firm
- Company Service Provider (i.e. firms that provide registered office address, which form companies, act as directors or secretaries or partners of companies, or act as nominee shareholders, amongst other activities)
- Dealing in precious metals or precious stones
- Dealing in any saleable item of a price equal to or greater than USD15,000

#### ***Who needs to register?***

In case of DNFBPs, the most relevant parts of the regulations (ADGM AML and Sanction Rules and Guidance) are in sections 1-9 and 11-15.

### ***Who is my supervisor?***

There are two main supervisors: ADGM Financial Services Regulatory Authority (FSRA) and ADGM Registration Authority (ADGM RA). Companies already registered with the FSRA due to their activities will be supervised by the FSRA.

Most of the remainder of legal entities affected by the regulations are supervised by ADGM RA.

### ***AML policies, procedures, systems and controls***

DNFPBs are required to have AML policies, procedures, system and controls (AML Program). The AML program will act as a blueprint that outlines how the entity is fulfilling its regulatory requirements. This should be designed to mitigate the identified Money Laundering/Finance Terrorism (ML/FT) risks and should take into account the applicable AML/FT laws and regulations that the entity must comply with. It should clearly indicate the risk appetite of the business; in other words, what risks the business is prepared to accept and those it is not. It should also outline how every employee throughout an entity, at all levels of an organization, and must contribute to the creation, maintenance and overall success of the AML program.

#### ***POLICIES***

Internal AML policies should be established and approved by executive management as well as the board of directors of the entity. The board of director must set the tone for the organization. Although the organization's policy may be a high-level statement of principles, it serves as the basis for procedures and controls that provide details as to how lines of business will achieve compliance with laws and regulations and with the organization's AML policies.

#### ***PROCEDURES***

The standard AML operating procedures should be drafted at the operational level in the entity. These procedures must be modified and updated, as needed, to reflect changes in law and regulation, products and organizational changes. These procedures are more detailed than the corresponding AML policies; they translate policy into acceptable and workable practices. The procedures also form the basis of an important component of AML training and for compliance monitoring programs. In addition to policies and procedures, there should also be a process to support and facilitate effective implementation of procedures, and that process should be reviewed and updated regularly.

#### ***CONTROLS***

Although policies and procedures provide important guidance, the AML program also relies on a variety of internal controls, including management reports and other built-in safeguards that keep the program working. These internal controls should enable the compliance of the organization to recognize deviations from standard procedures and safety protocols. This may include (but not limited to) Manager's approval, or two signatures for transactions that exceed a prescribed amount, etc.

An AML compliance program should be in writing and include policies, procedures and controls that are designed to prevent, detect and deter money laundering and terrorist financing, including (but not limited to):

1. Reference to the applicable laws and regulations i.e. Federal Laws
2. How the entity will:
  - Conduct its Business Risk Assessment (BRA)
  - Conduct its Customer Risk Assessment (CRA)
  - Conduct Customer due diligence procedures (i.e. KYC)
  - Conduct Enhanced due diligence procedures for high risk customers
  - Identify Ultimate Beneficial Owners
  - Identify and deal with Politically Exposed Persons
  - Deal with Sanctions
  - Report Suspicious Transactions
  - Conduct Staff Training
  - Keep records

#### ***Business Risk Assessment Framework***

This document must state the steps that the company will undertake to identify and assess money laundering risks to which its entity is exposed, taking into consideration the nature, size and complexity of its activities. Refer to section 6 of ADGM AML & Sanction Rules and Guidance for more information.

#### ***Customer Risk Assessment Framework***

This document should state how the entity allocate an appropriate risk rating to the customer. Risk ratings should be either descriptive, such as "low", "medium" or "high", or a sliding, ordinal numeric scale such as 1 for the lowest risk to 10 for the highest, with at least three differentiated risk ratings. Depending on the outcome of the entity's assessment of its customer's money laundering risk, the entity should decide to what degree CDD will need to be performed. Refer to section 7 of ADGM AML & Sanction Rules and Guidance for more information.

#### **Other sources of information and useful links:**

<https://en.adgm.thomsonreuters.com/rulebook/anti-money-laundering-and-sanctions-rules-and-guidance-aml-ver04030220-0>

[https://en.adgm.thomsonreuters.com/sites/default/files/net\\_file\\_store/AML\\_VER04.030220.pdf](https://en.adgm.thomsonreuters.com/sites/default/files/net_file_store/AML_VER04.030220.pdf)

**For further information and feedback, please use the following contacts:**

ADGM Financial Crime Prevention Unit – [fcpu@adgm.com](mailto:fcpu@adgm.com)

Registration Authority: [ra@adgm.com](mailto:ra@adgm.com)

REGISTRATION AUTHORITY  
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## **DISCLAIMER:**

This is only a guide and should be read together with the relevant legislation, in particular, ADGM Anti Money Laundering and Sanction Rules and Guidance, any other relevant regulations and enabling rules, which may change over time without notice. Further advice from a specialist professional may be required. The Registration Authority makes no representations as to accuracy, completeness, correctness or suitability of any information and will not be liable for any error or omission.