Compliance Solutions

Regulatory Update

Middle East, November 2021

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Table of Contents

1. DIFC AND DFSA LATEST DEVELOPMENTS

1.1. HH Shiekh Mohammed Bin Rashid Al Maktoum Launches AED1 Billion Dubai Future District Fund

Under the directives of His Highness Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, the Dubai Future District Fund ("DFDF") was launched to support seed to growth stage startups. The DFDF is anchored by the Dubai International Financial Centre ("DIFC") and has an initial purse of AED 1 billion and will support technology startups, such as artificial intelligence ("AI"), cybersecurity, blockchain, data analytics, software-as-a-service ("SaaS")/platform-as-a-service ("PaaS"), cloud solutions, 5G, Internet of Things ("IoT"), augmented reality and robotics. The fund aims to encourage startups to list on the Dubai Financial Markets and stock exchange in alignment with His Highness Sheikh Mohammed bin Rashid Al Maktoum's vision to establish 1,000 tech companies in the country within five years.

His Highness Sheikh Maktoum bin Mohammed also approved the appointment of Sharif El-Badawi as CEO of the DFDF who will focus on driving Dubai as the regional and global hub for technology startups.

1.2. DFSA Host Cyber Risk Forum

The Dubai Financial Services Authority ("DFSA") hosted a virtual forum to raise awareness and promote cyber security for all entities conducting business in or through the DIFC. A host of expert speakers – including F. Christopher Calabia, Chief Executive of the DFSA – discussed core themes and key takeaway notes to prepare firms for cyber threats.

Some of the key takeaways included:

- The move to a zero-trust model, which is being driven by factors such as the move to cloud, mobile workforces, rises in cost and complexity of IT, and outmatched cyber defences. The "never trust, always verify" model requires all users to pass through strict security identification, and any requests to access a network must be verified and trusted.
- The rising cyberthreat of digital supply chains. Organisations should consider the threat landscape and regional indicators, and manage the risk of cyberthreats by first considering the allocated and available budget in regard to higher risk threats.
- The increase in ransomware attacks in the Middle East and the risk to businesses, particularly in a cloud-based office environment. Attacks are becoming more sophisticated and covering numerous channels such as social media, instant messaging and email, and payment requests are more frequently becoming requests for digital currency. Ransomware may also be used for financing crime, so firms considering paying a ransom should also consider the wider implications.

Firms are advised to:

- understand the relevant cyber risks and document any changes to risk ratings based on the business, the systems, the vendors used and the region's trends
- monitor and continuously test the areas/functions/systems/data that are considered high-risk

- prepare detailed recovery plans
- assess the suitability of backup systems
- conduct regular patch testing
- train employees on the methods of ransomware attacks and how to mitigate the effect of such attacks
- consider the extensive budget costs of remediating an attack as opposed to investing in software/expert resource/expensive planning or testing
- share and use information on cyber risks and attacks via the DFSA Threat Intelligence Platform.

1.3. DFSA Publishes Markets Brief No.25 on Special Purpose Acquisition Companies

The DFSA has provided guidance which suggests the DFSA's likely approach to listing a Special Purpose Acquisition Company ("SPAC") in the DIFC. A SPAC is typically a publicly listed shell company with no commercial operations that is formed to raise capital in an Initial Public Offer ("IPO") solely in anticipation of subsequently identifying and acquiring a target private company. After an acquisition has been completed, the enlarged operating company continues to be traded on an exchange. A SPAC is created by a management team, often referred to as a 'sponsor'.

The guidance covers risks that investors ought to be aware of, such as transparency restrictions, shareholder dilution, and increased risk of market abuse. It also lists how the DFSA would expect SPACs to address the risk to their business in accordance with the DFSA Rulebook, Markets Rules Module.

SPACs are expected to:

- appoint a sponsor firm for the initial listing and the acquisition of a target company. The sponsor will be the point of contact with the DFSA
- ringfence proceeds raised from investors
- acquire their target within 2 years of the prospectus (extended by a further 12 months in limited circumstances)
- ensure that acquisitions should only occur when:
  - there is board approval
  - shareholders have the right to vote on the acquisition (and are provided with sufficient information to make an informed decision)
  - a statement is published that advises that the proposed transaction is fair and reasonable as far as the shareholders are concerned. Additionally, shareholders should be advised to seek legal advice which should be provided in advance of the shareholder vote
- provide shareholders the right to redeem their shares at a predetermined price
- restrict share offers or trades to retail client, where appropriate
- appoint liquidity providers
- meet the DFSA's listing requirements which may alter on pre-approval from the DFSA

– comply with all other relevant rule books as a reporting entity, which includes a suitable corporate governance framework, disclosures and prevention of market abuse

The DFSA maintains the right to suspend any listings where they feel the market is uninformed or where it is necessary to protect investors.

You can read the full guidance notes here.

1.4. UAE Authorities Issue Guidelines for Financial Institutions Adopting Enabling Technologies

The Central Bank of the UAE ("CBUAE"), the Securities and Commodities Authority ("SCA"), the DFSA and the Abu Dhabi Global Market ("ADGM") Financial Services Regulatory Authority ("FSRA") have jointly issued 'Guidelines for Financial Institutions Adopting Enabling Technologies'. The guidelines set out the cross-sectorial principles and best practices for financial institutions adopting enabling technologies, including application programming interfaces, big data analytics and artificial intelligence, biometrics, cloud computing, and distributed ledger technologies.

You can read the guidelines in full here.

1.5. DFSA-Impose Sanctions on Former LA Tresorerie SEO Referred to Tribunal

The DFSA decision to impose sanctions on Mr Gilles Rollet, Former Senior Executive Officer ("SEO") and Licensed Director of La Tresorerie has been referred to the Financial Markets Tribunal ("FMT") for review. The DFSA took action against Mr Rollet following La Tresorerie's unlawful cash services between 2015-2017. This led to a fine of USD 175,000 and a prohibition from Mr Rollet holding office or being an employee in a regulated DIFC entity, as well as a general restriction in performing any functions in relation to financial services in or from the DIFC. Following their review, the FMT will advise the DFSA on any changes to the original decision, and which may include variation, confirmation or overturn.

Firms are reminded to review the relevancy of their licence permissions on an ongoing basis.

You can read details of the initial decision of La Tresorerie here and Mr Rollet here.

1.6. DFSA Impose Fine on Abraaj Partner

The DFSA has issued a fine of USD 1,927,495 on Mr Mustafa Abdel-Wadood, a partner at Abraaj, for his part in the Abraaj case. In addition, Mr Abdel-Wadood has been prohibited from performing any function in connection with the provision of financial services in or from the DIFC. Mr Abdel-Wadood was found to have actively misled and deceived investors in Abraaj funds and was involved in breaches of DIFC legislation by allowing an unauthorised Cayman entity, Abraaj Investment Management Limited, to conduct unauthorised services in or from the DIFC. Mr Abdel-Wadood was found to be involved in the misuse of investor funds and withholding sales proceeds and reports from investors, as well as providing false explanations to investors to cover the USD 200 million shortfall in the fund. It was found that Mr Abdel-Wadood signed off on prudential reports and financial statements which contained misleading and false information. Mr Abdel-Wadood also pleaded guilty to further criminal charges brought by the US Department of Justice.

The decision can be read in full here.

Further information

If you have any questions or concerns regarding these DFSA and DIFC developments and requirements, please contact Jade Ashpole.

2. ADGM AND FSRA LATEST DEVELOPMENTS

2.1. FSRA Publishes Consultation Paper on Merging its Regulatory Committee with its Appeal Panel

The FSRA has published Consultation Paper No.4 of 2021 proposing the merger of the Regulatory Committee and the Appeals Panel. It is proposed to maintain the majority of the existing legal and procedural framework but will now be named as the 'Appeals Panel' and its aim is to improve the efficiency and reduce the cost for litigants.

You can read the paper here. Comments are welcome before 5 December 2021 by emailing consultation@adgm.com with the subject as 'No. 4 of 2021'.

2.2. Fintech Abu Dhabi 2021

The ADGM hosted the invitation-only event 'Fintech Abu Dhabi', aimed at delivering insightful industry sessions and which was attended by entrepreneurs, FinTech professionals, and regulatory bodies.

Key session summaries include:

– Fintech Next - Through the VC Lens

The panel of investors provided insight into what to expect in the future, discussing emerging technologies and financial services that could potentially disrupt or evolve our way of living. Over the past few years there has been a large growth of FinTech businesses within venture capitalists' portfolios. This area of business has skyrocketed and there have been many emerging startups and business transformations within the existing financial products market. The global financial markets have seen common themes with the 'digitisation' of payments acceptance and solutions, helping to revolutionise e-commerce, banking, and investments.

- Crypto, Ripple and XRP: An Interview with Brad Garlinghouse

Brad Garlinghouse is one of the key figures of the modern crypto era, acting as CEO of payment solutions provider, Ripple Labs. During this session Garlinghouse shared his thoughts on the the cryptocurrency movement and the factors behind this and he also discussed the benefits of Central Bank Digital Currency ("CBDC"), and how will this impact the sector broadly. The World Economic Forum has reported that over 80% of governments are, in one way or another, investigating CBDC.

- The Geopolitical Impact of Digital Currencies

The session examined the ways in which the world is being impacted politically and economically by the growing adoption of digital currencies.

- Is Crypto an Unstoppable Wave?

This session covered a deeper discussion on crypto: its definition, future and rise.

Despite the asset-value of all cryptocurrencies combined being 3 trillion, in comparison to other financial asset classes such as derivatives, whose asset value sits at close to 500 trillion, it appears that it is still very early days for cryptocurrencies.

When considering traditional capital markets, 90% of the flow comes from institutional investors, with the remaining 10% coming from retail investors. In the crypto space the inverse is true.

Anti-Money Laundering (“AML”) concerns and lack of market infrastructure are two of the key issues facing this sector which need to be addressed for this financial market to evolve successfully.

- The Plug and Play Fintech Demo Day

Plug and Play hosted a demo day in a ‘Dragons’ Den’ style pitch and judge session.

- The Future of the Digital High Street

Leading representatives in the retail and payments sector joined a discussion on the new consumer behaviour paradigms driving modern commerce and how to enhance customer shopping experiences.

A recent consumer report conducted in the region by PwC found that 70% of the consumers surveyed are now more digitally savvy than ever before. Buyers are much more focused on consumer spiritualism than materialism; they are much more socially aware and purpose-led in terms of their purchases.

- Inside the Millennial Wealthtech Revolution

The leaders of several major platforms discussed the reasons why there has been a rise in the use of WealthTech apps and adoption of retail investing.

Representatives from Bux, Sarwa, Stashaway and Halo exchanged views on what appeals to the millennial generation and surmised that this includes providing platforms that are easy to use, low cost, and provide a high level of customer service and support.

Marketing strategies unique to this generation such as less aggressive campaigns, asking for, and taking on board, feedback when thinking about product design provides millennial consumers with the right tools to enable them to make considered purchasing decisions.

- In Focus: Fintech, ESG and Taxonomy

A panel of leaders from the sustainability field gathered together to debate a way forward for sustainable finance, including the role played by FinTechs.

- An Open Finance Framework for the Arab Region

The Middle East and North Africa (“MENA”) Fintech Association and the Regional Arab Fintech Working Group are working together to publish the 2021 Open Finance Framework Report which will be launched in the coming weeks. The framework’s purpose will be to help entities use application programming interfaces to service the economy and customers.

- Personal Investing Principles You Really Need to Know Today

Wealthtech leader Mark Chahwan, CEO of Sarwa, shared his top four principles, as well as some personal experiences, of investing. With so many investment opportunities presented by open digital access to the markets, there are some key things that all investors new and old need to keep in mind:

1. Start now
2. Diversify
3. Manage costs
4. Manage emotions

- Fintech Abu Dhabi Awards, 2021

Fintech Abu Dhabi’s annual ceremony recognised the leading achievers in regional financial services, with eight categories representing future emerging talents both globally and in the Middle East.

2.3. FSRA Publishes Consultation Paper on Broadening Participation in Private Capital Markets

The FSRA has published Consultation Paper No.5 of 2021 proposing a regulatory framework allowing limited retail client participation in ‘private capital markets’. Many companies, especially early-stage companies in private markets, tend to carry high business risks but also offer high potential growth and investment returns. This has led to increasing capital being allocated to private markets and increased investment opportunities. The framework proposes that professional clients and a capped number of retail clients may participate in Private Financing Platforms (“PFPs”) and Multilateral Trading Facilities (“MTFs”) to trade in securities offered by Exempt Offer. By establishing a robust and risk appropriate regime, the FSRA aims to support SMEs to meet financing needs by introducing private equity opportunities.

You can read the paper here. Comments are welcome before 6 January 2022 by emailing consultation@adgm.com with the subject as ‘No. 5 of 2021’.

2.4. FSRA Issues a Report on Regulatory Technology

The FSRA has issued its findings on the use of regulatory technology (“RegTech”) in the ADGM to improve regulatory outcomes for financial institutions.

The FSRA has worked alongside global RegTech firms to identify ways of helping them achieve better compliance and risk management outcomes, whilst reducing regulatory costs and providing better supervisory tools for regulators to work more effectively and efficiently. The report contains feedback on RegTech used in a series of case studies including:

- Virtual Asset Regulatory Compliance: monitoring virtual assets and assisting firms in meeting their regulatory obligations when transferring virtual assets
- Digital Regulation: using AI to provide financial institutions with a more accessible and contextual understanding of its legislation
- Client Money Monitoring: exploring a more real-time approach to verifying how financial institutions safeguard their clients’ monies
- Monitoring of Third-Party Provider of Fintech Services: using new technology to collect key regulatory statistics on a real-time, at-will basis
- Enabling Trade Finance: collaborating with international government agencies to facilitate the use of digital documents for trade finance
- FSRA Connect: implementing a new digital workflow process to streamline the authorisation and supervision of firms, and enforcement of breaches of regulations and rules

The article identifies four main areas where RegTech can mitigate risk:

- Prudential: e.g. managing capital adequacy, market and liquidity risk
- Conduct: e.g. managing disclosure, customer assets and market integrity risks
- AML/Countering Financing of Terrorism (“AML/CFT”): e.g. managing customer due diligence (“CDD”) and transaction monitoring risks
- Operational: e.g. managing reporting, cybersecurity and data protection risks.

The report can be read in full here.

2.5. INATBA Signs MoU with ADGM

The International Association for Trusted Blockchain Applications (“INATBA”) signed a Memorandum of Understanding (“MoU”) with the ADGM to facilitate the development of INATBA in the MENA region. The INATBA convenes industry stakeholders, startups, SMEs, policymakers, international organisations, regulators, civil society and standard-setting bodies to support blockchain and Distributed Ledger

Technology ("DLT"). The MoU will bring more policy awareness around blockchain and crypto assets to the MENA region.

2.6. ADGM RA Publishes Consultation Paper on Enhancements to ADGM Beneficial Ownership and Control Regulations

The Registration Authority ("RA") of the ADGM published a consultation paper seeking views on enhancements to the Beneficial Ownership & Control Regulations 2018 ("BOC Regs"). The enhancements aim to further align and strengthen the regulations to international standards and best practice.

The BOC Reg updates considered in this proposal include:

- Clarifying the cascade approach for identifying beneficial owners of ADGM Persons who are natural persons with indirect material ownership interest in an ADGM Person through an intermediate holding entity.
- Imposing duties on ADGM Persons with one or more nominee directors to maintain a record of nominee directors, the identity of any persons on whose behalf each nominee director acts, and to keep details of their particulars.
- Confirming that no share transfer or change of ownership in an ADGM Person will be recognised or given any effect until the record of beneficial owners is updated and the required particulars are provided to the Registrar.
- Empowering the Registrar to make recommendations to remove persons from the record of beneficial owners if the Registrar considers that having such person as a beneficial owner is contrary to the ADGM regulations, or prejudicial to the interests of the ADGM.
- Empowering the Registrar to cancel the licence of, or strike-off, an ADGM Person for failing to comply with a notice issued by the Registrar.

You can read the full paper here. Comments are welcome before 23 December 2021 by emailing consultation@adgm.com with the subject as 'No. 6 of 2021'.

2.7. FSRA Issues an Updated Targeted Financial Sanctions Guidance Typologies Paper

Pursuant to Notice No: FSRA/FCPU/ 13 and 16 of 2021 regarding the Executive Office of the Committee for Goods and Material Subjected to Import and Export Control, which updates the Targeted Financial Sanctions ("TFS") Guidance and TFS typologies paper, firms are required to refer to the TFS Guidance. The TFS Guidance acts as a useful reference to obtain an understanding of the prescribed procedures to implement the UN and local TFS, and the TFS typologies paper and provides firms with a better understanding of the trends and methods used by sanctioned persons, groups, or entities to circumvent sanctions.

The TFS typologies aper presents cases and examples from the UAE and a useful list of redflags and indicators to detect suspicious transactions.

Firms are reminded to:

- Register on the goAML platform and at the Executive Office website to receive automated notifications by email
- Screen daily against sanctions lists, all customers, potential customers, and beneficial owners
- Freeze without delay (within 24 hours) the funds or assets owned or controlled directly or indirectly by the designated individuals or entities where true matches are identified. Firms should report such measures by submitting a Funds Freeze Report ("FFR") via the goAML platform
- In the case where a potential match is identified, firms must, without delay, submit a Partial Name Match Report ("PNMR") via goAML, suspend any transaction, and refrain from offering any funds or other assets or services
- Report to the Executive Office and your respective supervisory authority (DFSA/FSRA) within two business days of the freezing measures and/or attempted transactions through goAML. FFR and PNMR are received simultaneously by the Executive Office and your relevant supervisory authority
- Refrain from providing funds or other assets or services directly or indirectly to designated individuals or entities unless granted permission by the Executive Office
- Fully cooperate with the Executive Office and relevant supervisory authority in verifying the accuracy of information provided.

The TFS Guidance paper can be found in full here, the TFS Mini Guidance can be found here and the typologies paper can be found here.

Further information

If you have any questions or concerns regarding these FSRA and ADGM developments and requirements, please contact Lewis Knell.

3. MIDDLE EAST REGULATORY UPDATES

3.1. SCA Explores Ways to Reinforce Investor Protection Mechanisms and Improve Financial Services

The SCA board met to discuss initiatives to improve the performance of financial markets, new controls to maintain rights of shareholders, and how to create a professional and competitive environment. Other initiatives discussed by the board included the oversight of the distribution of dividends unclaimed by shareholders in listed companies, and another was the transferring of dormant funds of brokerage firm clients to accounts directly overseen by the SCA. The aim of the meeting was to discuss how to bring legislative infrastructure in line with best international standards.

3.2. SCA and DAFZA Cooperate on Offering and Listing Shares on the UAE Stock Market

The SCA and Dubai Airport Free Zone Authority ("DAFZA") entered into a supervisory and regulatory cooperation agreement to enable DAFZA companies to offer and list their shares in the UAE. The agreement is in line with the SCA Chairman's Decision No. (11/Chairman) of 2016 'Regulating the Issuance and Listing of the Shares of Public Joint Stock Companies' and its amendments.

The cooperation between the SCA and DAFZA extends to regulatory oversight and supervision of trading and operations which includes monitoring companies and inspecting their operations, books or any other records held at their branches and subsidiaries. Companies may also be required to provide data or information from the board of directors, the chief executive officer, the managers, or the auditors when necessary. Under the agreement the SCA and DAFZA will cooperate in preventing and detecting activities associated with money laundering and the financing of terrorism and illegal organisations. The SCA and DAFZA will continue to enhance and ensure qualification and competence of licensed persons by assisting each other in detecting and taking actions against trades made based on insider information, market manipulation and fraud.

3.3. SCA and the CISI Collaborate to Enhance the Qualifications Regime in Capital Market Sector

The SCA renewed its agreement with the UK based Chartered Institute for Securities and Investment ("CISI") and will launch a revised UAE financial rules and regulations exam. The CISI will prepare and review the study materials and professional exams provided by SCA's Professional Training and Examinations Centre ("PTEC"), update the study material on an annual basis, oversee and review the Arabic translation, and review the performance of exam applicants. Fifteen exams will be subject to review as mandated by the SCA licensing regime for specific roles in the capital market sector.

3.4. ADX Issues the Regulated Derivative Contracts Trading Regulations

The Abu Dhabi Securities Exchange ("ADX") has issued the ADX Regulated Derivative Contracts Trading Regulations.

The regulations set out:

- Derivative member approval requirements
- The process for market approval decisions
- Derivative members' obligations
- Process for registering derivative contracts
- Margin requirements
- Price management
- Orders management

- Rules of executed trade transaction amendments
- Trade cancellations
- Financial position limits
- Block trades
- Derivative contract specifications
- Clarification on future contracts
- Cash settlement and payments
- Rules on corporate actions
- Rules on trading in underlying securities
- Default in settlement rules
- Delisting of derivate contracts

The regulations also list the penalties for violating the regulations and can include: service of a notice of warning to the derivative members; imposing fines on the broker; escalating the violator to the SCA to decide on a suitable penalty.

You can read the regulations in full here.

3.5. CBUAE to Launch a New Index for Actual Overnight Funding Transactions

The Central Bank of the UAE ("CBUAE") will publish a new index for AED denominated overnight funding transactions called the Dirham Overnight Index Average ("DONIA") as part of the Dirham Monetary Framework implementation plan. The reference rate will provide market participants with pertinent data on the overall state of the actual interbank market improving transparency. DONIA will act as an anchor for banks to determine relevant factors for their daily fixing of interbank rates ("EIBOR") but will not replace the use of EIBOR. EIBOR and DONIA will co-exist in the domestic market, but DONIA will not be used to price financial market products offered or structured in the UAE.

DONIA will be published at 9:30 am local time on the CBUAE website and on Bloomberg and Refinitiv Eikon under DONIA.

3.6. CBUAE Issues Guidelines on AML and CTF for Licensed Exchange Houses

The CBUAE issued guidelines on AML and Counter Terrorist Financing ("CTF") for licensed exchange houses. The guidance assists exchange houses to understand the risk of their sector and provides effective implementation advice based on their statutory obligations. Exchange houses are considered to present a material risk of money laundering, terrorist financing and financing of illegal organisations due to their exposure to cash and cross-border transactions. The guidelines incorporate some of the relevant Financial Action Task Force ("FATF") standards.

Exchange houses should:

- review and implement the guidelines issued by the CBUAE
- apply a risk-based approach to AML/CTF systems and controls concerning cash and cross-border transactions
- conduct a detailed and holistic risk assessment taking into consideration, for example, the type of customers, products and services, delivery channels, new technologies, geographies, counterparty risk and illicit finance risk
- establish a dedicated compliance function and ensure it is adequately resourced
- enhance customer due diligence procedures
- conduct ongoing transaction monitoring
- comply with the guidance and reporting processes issued by the Executive Office in relation to TFS

The guidance is now in effect and firms are expected to be compliant by 17 December 2021. You can read the guidance here.

3.7. UAE Adopts Largest Legislative Reform in its History

His Highness Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE, has approved a wide-ranging reform of the country's legal system to strengthen economic, investment and commercial opportunities across multiple sectors.

The proposed reforms are in recognition of the "Year of the 50th" and aim to maximise social stability, security and protect the rights of individuals and institutions.

The new legislative changes include:

- A new Data Protection Law creating rights for data subject and duties by firms to carefully manage and store personal data. The law defines set circumstances when you can manage and share personal data, and places heavy obligations of firms when they are transferring to other jurisdictions. The law also creates the UAE Data Office.
- Updates to the law on Electronic Transactions and Trust Services giving digital signatures the same weight as handwritten signatures.
- Updates to the Commercial Register Law, allowing local authorities in each Emirate to retain the right to establish and manage their commercial records, including registration, data monitoring and change. The changes require all firms to keep the register up to date with the required details.
- Update to the Commercial Companies Law, which allows investors and entrepreneurs to establish and fully own onshore companies in all sectors, excluding a small number of reserved "strategic activities". The law details the approvals and licences required by companies in order to undertake commercial activities within the UAE in addition to the company's name, contract, incorporation procedures, and conditions for increasing and decreasing the capital. It clarifies the responsibilities of the board of directors, executive management, the authorities of the general assembly, prerequisites for issuing bonds and instruments, acquisitions and the administrative penalties imposed on a person deemed to be in breach of its provisions.

- A new Online Security Law to combat cybercrimes, online harassment, bullying and 'fake news'. The law addresses online false advertising or promotions, including unlicensed trading in cryptocurrencies. This law will come in to effect from 2 January 2022.

3.8. UAE Regulators Issue High-Level Statement on Sustainable Finance

The UAE Sustainable Finance Working Group comprising federal and local UAE regulators and exchanges, and chaired by the ADGM has issued a high-level statement on sustainable finance. The statement details their commitments to achieving the UAE's sustainable objectives as part of the Net-Zero 2050 ambition. The key deliverables include a targeted study aimed at encouraging consistent Environmental Social and Governance corporate disclosure standards, as well as an examination as to how to strengthen good corporate governance by contributing to the sustainability agenda and developing a taxonomy of sustainable activities.

The statement was issued on the sidelines of the UN Climate Change Conference ("COP26") under the presidency of the United Kingdom and in partnership with Italy and acts as a roadmap for the participating authorities.

You can read the full statement here.

Further information

For any questions or concerns regarding these updates, please contact Mohsin Ismail.

4. INTERNATIONAL UPDATES

4.1. FATF Follow-up Assessments

The Financial Action Task Force ("FATF") has reviewed various countries' progress to address deficiencies identified in their AML and CTF measures, following the results of a FATF mutual evaluation report, as summarised below:

- Nigeria is compliant with 7 of the 40 recommendations, largely compliant with 14, partially compliant with 17 and non-compliant with 2.
- Sri Lanka is compliant with 6 of the 40 recommendations, largely compliant with 26, partially compliant with 7 and non-compliant with 1.
- Republic of Niger is compliant with 10 of the 40 recommendations, largely compliant with 17, partially compliant with 10 and non-compliant with 3.

You can read the consolidated rating table here.

4.2. FATF Update the FATF Recommendations 2021

The FATF has issued amendments to the FATF Recommendations 2012, which is the core document listing recommendations for organisations to take against money laundering, terrorist financing and proliferation financing. The updates include a revision of the definition of 'designated categories of offence' to now include environmental crime, and provides an update to the definition of 'financial group' which is no longer limited to core principles institutions, but now refers to 'a group that consists of a parent company or of any other type of legal person exercising control and coordinating functions over the rest of the group, together with branches and/or subsidiaries that are subject to AML/CFT policies and procedures at the group level'. Further updates include clarification to Designated Non-Financial Businesses and Professions ("DNFBPs") for their obligations to apply group wide programmes if such programmes could better mitigate ML and TF risks.

You can read the FATF Recommendations 2021 document in full here. You can read the full list of amendments here. Explanatory material for the changes to DNFBPs can be found here.

4.3. FATF to Host Proliferation Financing Risk Assessment and Mitigation Webinar

The FATF will host a webinar focusing on tackling the financing of the proliferation of weapons of mass destruction and will feature global experts from the public and private sector.

The session will focus on the following topics:

- New FATF obligations on proliferation financing ("PF") risk assessment and mitigation: objectives and rationale
- Emerging trends on PF risks and techniques adopted by the designated individuals and entities to evade PF targeted financial sanctions
- National experiences, challenges, and lessons-learnt in conducting PF risk assessment and developing appropriate mitigation strategies
- Private sector experiences in conducting PF risk assessments and implementing appropriate mitigating measures to combat PF and evasion of targeted financial sanctions

The event will be held on 16 December 13:00-14:00 (CET). To register click here. To read more, view the FATF's guidance on proliferation financing risk assessment and mitigation click here.

4.4. Update to UN Sanctions List

The Committee for Goods & Materials Subjected to Import and Export Control (the "Executive Office") has updated the United Nations Security Council sanctions list. One Entry from ISIL Daesh and AlQaida and three individuals from Yemen have been added.

Firms are reminded to update the Executive Office by submitting a TFS which will be received by the MLRO for all changes.

The updated sanction list can be found here.

Further information

For any questions or concerns regarding these updates, please contact Jade Ashpole.

5. ENFORCEMENT ACTION

5.1. KPMG LLP Sued for $600 Million in Dubai's Abraaj Scandal

KPMG LLP has been sued for $600 million by two entities of Abraaj, now in liquidation, over its role in auditing the Abraaj Group's insolvency. The Big Four firm was found to have breached their duty of care when auditing the private equity firm after Abraaj misused investor funds.

If you require specific training for senior management or require experienced individuals to join your senior management team such as Senior Executive Officers, Finance Officer, Compliance Officers or Risk Officers please contact us for a bespoke quote.

Further information

For any questions or concerns regarding these updates, please contact Jade Ashpole.

CCL Compliance is now Waystone Compliance Solutions

Titan Regulation, Argus Global, CCL Compliance and ISAS are now Waystone Compliance Solutions who offer a new and unique approach to compliance services at a corporate level.

Formed by merging four specialist compliance companies – we have the capabilities to help you manage regulatory risk right across your organisation.

We can provide key services from initial registration and licensing to compliance programme integration. Our compliance solutions span business strategies, market activities, operational and technology infrastructure not to mention sales and marketing procedures. And we can do so anywhere in the world.

Our aim at Waystone is simple: to enable our clients to navigate the complex regulatory environment with confidence.

At Waystone, we have brought together the experience, the expertise and the global reach to give you the certainty you need to address the ever-changing regulatory world. And by doing so, provide you with a secure route on the road to success.

https://compliance.waystone.com/

Consultancy Services & Support

- Compliance Advisory
  - The Virtual Compliance Clinic
  - Assurance Reviews
  - Compliance Remediation
  - Data Protection
  - Financial Crime Prevention
  - Corporate Governance
  - Risk Management
  - Prudential Rules & Regulatory Reporting
- Authorisation
- Outsourcing (Compliance Officer, MLRO, Finance Officer and Data Protection Officer)
- Documentation
- Training.

If you wish to discuss how Waystone can assist you with any of the issues raised in this regulatory update, please contact us the details below:

Email: compliancesolutions@waystone.com
Website: https://compliance.waystone.com/
Tel: Dubai +971 4 323 0800 | Abu Dhabi +971 2 440 2146

or write to us at:
Waystone Compliance Solutions
Level 2, Gate Village Building 7,
Dubai International Financial Centre (DIFC),
Dubai, PO Box 506733,
United Arab Emirates

This Regulatory Update provides information about the consultative documents and publications issued by various regulators which are still current, proposed changes to the Rules and Guidance set out in Handbooks, actual changes to Rules and Guidance that have occurred in the months leading up to the update and other matters of relevance to regulated firms. This Regulatory Update is intended to provide general summarised guidance only, and no action should be taken in reliance on it without specific reference to the regulators' document referred to therein.