Circular 271: Enhanced compliance with Federal Law No.4 of 2002 Regarding Anti-Money Laundering and Combatting Financing of Terrorism

Date: January 28, 2018

Dear Business Partner,

In order to ensure better compliance with Federal Law No.4 of 2002 Regarding Anti-Money Laundering and Combatting Financing of Terrorism, and its related amendments and executive orders, Dubai Creative Clusters Authority (the "Authority") will be revising the "know your customer" (KYC) requirements for our Business Partners during 2018.
The following points should be noted:

Ultimate Beneficial Owners (the "UBO")

- Business Partners that are registered as branch offices of companies incorporated outside the UAE, and Business Partners set up as FZLLCs that have companies incorporated outside the UAE as shareholders, will be required to maintain written confirmation of the ultimate beneficial owners (the "UBO") of those companies at their premises in the Free Zone.

- The purpose of the UBO process is to determine and identify the individual person or persons that are the owners and/or controllers. For example, where the company that is the 'parent' of a branch office (or a shareholder in an FZLLC) is itself owned by another company or companies, it will be necessary to maintain written confirmation of the UBO of that company or those companies at the premises in the Free Zone.

- The Authority may, at its discretion, and in accordance with Regulation 15 of the Licensing Regulations 2003, require at any time for a Business Partner to submit UBO information.

- UBO processes are already used by banks in the UAE in relation to setting up accounts; in most cases the compliance requirements for Business Partners will be minimal.

- UBO information will be required to be held by all business partners (whether registered as a Branch Office or an FZLLC) at their premises in the Free Zone from 1st July, 2018.

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Audited Financial Accounts

- Both FZLLCs and branch offices will be required to prepare and submit audited financial accounts for the 2018 financial year, and for subsequent years thereafter. This means that the first submission of audited accounts will need to be made in 2019. (That is, audited financial accounts for a financial year will only need to be submitted in the following year.)

- Licence renewal and continuation will be linked to submission of audited financial accounts, subject to the following process:

  Business Partners who have a licence renewal date that falls in the period between 1st January to 30th April will have until 1st May in each year - from 2019 onwards - to submit their audited financial accounts for the previous year. Please note that if audited financial accounts are not filed by 1st May, the license will be automatically suspended.

  For Business Partners with a license renewal date that falls in the period between 1st May to 31st December, audited financial accounts will need to be filed as part of the annual licence renewal process.

- The requirement for audited financial accounts for an FZLLC are set out in Regulations 63-68 of the DCC Private Companies Regulations 2016.

- A branch office may choose to submit the consolidated audited financial accounts of its parent, or a stand-alone extract of the financials of the branch office operation only.

- It will not be required to submit the original audited financial accounts in hard copy; an electronic submission of a copy of the original audited financial accounts will be sufficient. It is anticipated that business partners will be able to submit these documents online via the 'axs' services portal.

If you have any queries or wish to give feedback, please contact DCCA Customer Care on tel: 800-4-DCCA (3222) or via email: info@dcca.gov.ae.

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