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FEDERAL LAW NO- (4) OF 2002  
*REGARDING*  
CRIMINLIZATION OF MONEYLAUDERING

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## **Federal Law No (4) of 2002 Regarding Criminalization of Money Laundering**

**We**, Zayed Bin Sultan Al-Nahyan, President of the United Arab Emirates,

Having Perused:

The Constitution and,

Federal Law No (1) of 1972 , regarding jurisdictions of the Ministries and powers of the Ministers, and amending laws thereof, and,

Union Law No (10) of 1980 , regarding the Central Bank, the Monetary System and Organization of Banking and amending laws thereof, and,

The Penal Code promulgated by Union Law No (3) of 1987, and,

The Penal Code Procedures promulgated by Federal Law No (35) of 1992, and,

Federal Law No (14) of 1995 regarding Fighting Narcotics and Psychotropic Substances, and,

Federal Decree No (55) of 1990, regarding Approval to Join the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, and,

In accordance with presentations by the Minister of Finance and Industry, approval of the Cabinet, approval of the National Federal Council and ratification of the Supreme Union Council,

*Promulgate the following Law:*

### **Definitions**

#### **Article (1)**

In the application of this law, and unless the context require otherwise, the following words and expressions shall bear the meanings set out against them:

<b>The State</b>	The United Arab Emirates
<b>The Minister</b>	The Minister of Finance and Industry
<b>The Central Bank</b>	The Central Bank of the United Arab Emirates

<b>The Governor</b>	The Governor of the Central Bank
<b>The Committee</b>	The National Anti-Money Laundering Committee
<b>Property</b>	Assets of every kind, whether corporeal or incorporeal, moveable or immovable, and the legal documents or instruments evidencing title to those assets or any rights related thereto.
<b>Money Laundering</b>	Any act involving transfer, conversion or deposit of Property, or concealment or disguise of the true nature of those Property, which were derived from any of the offences stated in Clause (2) of Article (2) herein.
<b>Proceeds</b>	Any property resulting directly or indirectly from the commission of any of the offences stated in Clause (2) of Article (2) herein.
<b>Freezing or Seizure</b>	Temporarily prohibition of the transfer, conversion, disposition or movement of Property by an Order issued by the competent authority.
<b>Confiscation</b>	Permanent deprivation of Property by Order of a competent court.
<b>Instrumentalities</b>	Any item in any way used or intended for use in commission of any of the offences stated in Clause (2) of Article (2) herein.
<b>Financial Institutions</b>	Any bank, finance company, money –changing establishment, financial or monetary intermediary or any other establishment licensed by the Central Bank, whether publicly or privately owned.
<b>Other Commercial and Economic Establishments</b>	<b>Financial,</b> Establishments licensed and supervised by agencies other than the Central Bank, such as insurance companies, stock exchanges and others.

## **Chapter One Definition of Money Laundering**

### **Article (2)**

- 1- Where a person intentionally commits or assists in commission of any of the following acts in respect of Property derived from any of the offences stated in Clause (2) of this Article, such person shall be considered a perpetrator of the Money Laundering offence:
  - a. The conversion , transfer or deposit of Proceeds, with intent to conceal or disguise the illicit origin of such Proceeds.
  - b. The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of Proceeds.
  - c. The acquisition, possession or use of such Proceeds.
  
- 2- For the purposes of this law, Property shall mean those derived from the following offences:
  - a. Narcotics and psychotropic substances.
  - b. Kidnapping, piracy and terrorism.
  - c. Offences committed in violation of the environmental laws.
  - d. Illicit dealing in fire- arms and ammunition.
  - e. Bribery, embezzlement, and damage to public property.
  - f. Fraud, breach of trust and related offences.
  - g. Any other related offences referred to in international conventions to which the State is a party.

### **Article (3)**

Without prejudice to administrative penalties stated in the law, Financial Institutions and Other Financial, Commercial and Economic establishments operating in the State shall be criminally liable for the offence of Money Laundering if intentionally committed in their respective names or for their account.

## **Chapter Two Commitments of Government Agencies**

### **Article (4)**

The Central Bank may, in accordance herewith, order the freezing of suspected Property with Financial Institutions for a period not exceeding seven (7) days.

The Public Prosecution Office may order Seizure of suspected Property, Proceeds or Instrumentalities, in accordance with its established procedures.

A competent court may order Provisional Attachment, for undetermined periods, on any Property, Proceeds or Instrumentalities, if they have resulted from, or were associated with, a Money Laundering offence.

### **Article (5)**

1- Without prejudice to the provisions of Article (4) hereof, the Attorney General shall have the exclusive authority to initiate criminal action against a perpetrator of any of the offences stated herein.

2- Orders for seizure of or provisional attachment on Property with Financial Institutions shall only be executed through the Central Bank.

### **Article (6)**

The Central Bank shall set a ceiling for the amount that may be brought into the State in cash without the need for declaration, and any amount in excess thereof shall be subject to the declaration system as established by the Central Bank.

### **Article (7)**

There shall be established, within the Central Bank, a " Financial Information Unit" to deal with Money Laundering and suspicious cases, and to which reports of suspicious transactions shall be sent from all Financial Institutions and Other Financial, Commercial and Economic Establishments. The Committee shall determine the format for reporting suspicious transactions and the methods of communicating reports to the said Unit. The said Unit shall make the information available to law enforcement agencies to facilitate their investigations. The said Unit may exchange information on suspicious transactions with their counterparts in other countries in accordance with international conventions to which the State is a party, or on the basis of reciprocity.

### Article (8)

- 1- Following investigation of cases reported to it, the Unit referred to in Article (7) hereof should notify the Attorney General to take necessary action.
- 2- If a Money Laundering case was directly reported to the Public Prosecution Office, the latter shall take necessary action following consultations with the said Unit.

### Article (9)

The Minister shall form an anti- money laundering committee named " The National Anti- Money Laundering Committee" under the chairmanship of the Governor, consisting of representatives of the following agencies, as per their respective nominations:

- The Central Bank
- The Ministry of Interior
- The Ministry of Justice, Islamic Affairs and Awqaf
- The Ministry of Finance and Industry
- The Ministry of Economy and Commerce
- Agencies concerned with issuing trade and industrial licenses
- The UAE Customs Board

### Article (10)

The terms of reference for the said committee shall be as follows:

- To propose anti-Money Laundering rules and procedures in the State.
- To facilitate exchange of information and coordination between agencies represented therein.
- To represent the State in international anti-Money Laundering forums.
- To propose organizational regulations regarding the workings of the Committee.
- Any other matters referred to it by competent authorities in the country.

The Board of Directors of the Central Bank shall determine remuneration for the Committee's members, and the organizational regulations shall determine the timing and manner of discharge of the Committee's tasks.

### **Article (11)**

Agencies concerned with the licensing and supervision of Financial Institutions or Other Financial, Commercial and Economic Establishments are required to establish appropriate mechanisms to ensure compliance of those institutions with anti-Money Laundering rules and regulations in the State, including reporting of suspicious cases, upon detection thereof, to the Unit referred to in Article (7) hereof.

### **Article (12)**

All concerned agencies must treat the information they have obtained in respect of criminal offences referred to herein, as confidential, and must refrain from breaching confidentiality except to the extent required for use in investigations, legal actions, or lawsuits relating to violations to the provisions of this law.

## **Chapter Three Penalties**

### **Article (13)**

Whoever commits any of the acts set out in Clause (1) of Article (2) of this law, shall be punished by imprisonment for a term not exceeding seven years, or by a fine not exceeding AED 300,000 (UAE dirhams three hundred thousand) and not less than AED 30,000 (UAE dirhams thirty thousands), in addition to confiscation of the Proceeds, or the equivalent thereof, if such Proceeds were wholly or partially converted into, or combined with, other Property derived from lawful sources.

### **Article (14)**

Whoever violates the provisions of Article (3) of this law shall be punished by a fine not less than AED 300,000 (UAE dirhams three hundred thousand), and not exceeding AED 1,000,000 (UAE dirhams one million), in addition to confiscation of the Proceeds, or Property of value equivalent thereto, or the equivalent of those Proceeds if the latter were wholly or partially converted into, or combined with other property derived from lawful sources.

### **Article (15)**

Chairmen, directors, managers and employees of Financial Institutions or Other Financial, Commercial and Economic Establishments who know of, yet fail to report to the Unit stated in Article (7) hereof any act that occurred within their establishments and was related to the Money Laundering offence, shall be punished by imprisonment or by a fine not exceeding AED 100,000 (UAE dirhams hundred thousand) and not less than AED 10,000 (UAE dirhams ten thousand) or by both penalties.

### **Article (16)**

Whoever informs any person that his transactions are being scrutinized for possible involvement in suspicious operations, or that security authorities or other competent authorities are investigating his possible involvement in suspicious operations, shall be punished by imprisonment for a term not exceeding one year, or by a fine not exceeding AED 50,000 (UAE dirhams fifty thousand) and not less than AED 5,000 (UAE dirhams five thousands) or by both penalties.

### **Article (17)**

The maximum penalty prescribed for false notification shall be imposed on whoever notifies the competent authorities, in bad faith, of the commission of the Money Laundering offence, with intent to cause damage to another person.

### **Article (18)**

Whoever violates provisions of Article (6) hereof shall be punished by a fine of not less than AED 2,000 (UAE dirhams two thousand) and not exceeding AED 10,000 (AED ten thousand).

Amounts that arise from such violation shall be attached, and unless proven to be associated with another offence, shall be released only by a Public Prosecution Order.

### **Article (19)**

Whoever violates any of the other provisions herein shall be punished by imprisonment or by fine not exceeding AED 100,000 and not less than AED 10,000.

### **Article (20)**

Financial Institutions and Other Financial, Commercial and Economic Establishments, as well as their directors, employees and authorized representatives shall be immune from any criminal, civil or administrative liability, which may result from providing required information, or breaking a restriction imposed by a legislative, contractual, regulatory or administrative provision, for safeguarding confidentiality, unless such reporting was proved to have been done in bad faith.



## **Chapter Four International Cooperation**

### **Article (21)**

The competent judicial authority may, as per request of a judicial authority in another country to which the State is bound by an approved treaty and provided the act is established as a criminal offence in the State, or on condition of reciprocity, order the pursuit, freezing or provisional attachment of Property or Proceeds derived from or Instrumentalities used in a Money Laundering offence.

### **Article (22)**

Any ruling or judicial Order providing for the confiscation of Property, Proceeds or Instrumentalities relating to Money Laundering offences, issued by a court or a competent judicial authority in a country to which the State is bound by a ratified treaty, may be recognized.

## **Chapter Five General Provisions**

### **Article (23)**

The Council of Ministers shall, upon proposal by the Committee and presentations by the Minister, issue the executive regulations for the provisions of this law.

### **Article (24)**

Any provision contrary to or contravening the provisions of this law shall be repealed.

### **Article (25)**

This law shall be published in the Official Gazette and shall come into force as from the date of publication thereof.

**Zayed Bin Sultan Al Nahyan  
President of the United Arab Emirates**

*Promulgated by us at the Presidential Court in Abu Dhabi  
On: 8 Dhilqaida 1422 Hijri  
Corresponding To: 22 January 2002*