

## Guidance for Licensed Financial Institutions Providing Services to Legal Persons and Arrangements

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The Central Bank of the United Arab Emirates (CBUAE) issued the ‘Guidance for Licensed Financial Institutions Providing Services to Legal Persons and Arrangements’ which aims to assist all Licensed Financial Institutions (LFIs) with their statutory obligation pertaining to their efforts to manage and mitigate the Money Laundering (ML) and Financing of Terrorism (TF) risks posed by legal persons<sup>1</sup> and legal arrangements<sup>2</sup>. Below we have identified the key takeaways from the CBUAE guidance note:

CBUAE Guidance

### Identification of Beneficial Owner

*“For legal persons, LFIs must at least obtain and verify the identity of all individuals who (...) controlling ownership interest of 25% or more. (...) For legal arrangements, LFIs must verify the identity of the settlor and the trustee (...), the beneficiaries or class of beneficiaries and any other individuals in control.”*

### Know Your Customer (KYC)

*“When the customer is a legal person or arrangement, the process of understanding the customer i.e. Know Your Customer is more complex and requires additional steps.”*

### Customer Risk Assessment

*“Customer risk assessment for legal persons and arrangements should incorporate at least all elements of the customer risk assessment for individuals but should apply them both to the legal person or arrangement customer itself and to the individuals prominently associated with it.”*

### Customer Due Diligence (CDD)

*“CDD, and, where necessary, Enhanced Due Diligence (EDD) are the core preventive measures that help LFIs manage the risks of legal persons and legal arrangement customers (...). The goal of the CDD process is to ensure that LFIs understand who their customer is and the purpose for which the customer will use the LFI’s services.”*

### Ongoing Monitoring

*“LFIs are required to ensure that the CDD information they hold on all customers is accurate, complete and up-to-date. This is particularly crucial in the context of legal persons and arrangement customers, which, by their very nature, can change their fundamental identity overnight.”*

How We Can Help

- Policy and procedure review and enhancement
- Training development and delivery
- Data analytics including graph and network analytics and intelligent document reading

- Policy and procedure review and enhancement
- Master data management and data analytics
- Customer profiling
- KYC digitization and automation

- Customer risk assessment methodology design and enhancement
- Dynamic customer risk rating
- Risk assessment model development
- Training development and delivery

- CDD remediation (including AI and automation)
- Risk-based customer due diligence process/procedures review and/or enhancement
- Omnichannel customer data management

- Policy and procedure review and enhancement
- Intelligence led continuous monitoring and optimization
- Trigger event approach design

*Please refer to ‘Guidance for Licensed Financial Institutions on Suspicious Transaction Reporting’ for our additional ongoing monitoring value proposition.*

1. CBUAE Definition of Legal Persons: Any entities other than natural persons that can establish in their own right a permanent customer relationship with a financial institution or otherwise own property.  
 2. CBUAE Definition of Legal Arrangements: A relationship established by means of a contract between two or more parties which does not result in the creation of a legal personality.

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