



By Email

18 December 2023

To: Money Laundering Reporting Officers (MLRO) of Relevant Persons

Re: Compliance with Sanctions and Related Operational Risks

Dear MLRO,

The field of international sanctions, and the application and enforcement of those sanctions, is a complex area. As such, we would like to take this opportunity to remind Relevant Persons operating in or from the DIFC of the importance of having appropriate systems and controls to ensure compliance with United Nations Security Council sanctions lists, the United Arab Emirates sanctions list and any other relevant sanctions list.

Sanctions and other Financial Crime Risk

The DFSA expects Relevant Persons to conduct appropriate due diligence, taking independent advice where necessary, prior to conducting or continuing business with persons from jurisdictions that are subject to international sanctions. Apart from complying with relevant sanctions programs, Relevant Persons undertaking new business, or continuing an existing business relationship with such persons, will most likely require Enhanced Customer Due Diligence to be conducted on the proposed or existing customer and any beneficial owner.

Operational Risks

In the event that a Relevant Person itself was to become subject to sanctions or other punitive measures based on allegations of facilitating international sanctions evasion, this is likely to result in serious operational consequences including disruption to its operations. Such disruption could arise, for example, from the inability to access customer or firm data or accounts, or the inability to use specific systems or services. This in turn could potentially prejudice the ability of customers to operate their accounts and access funds or dispose of assets held by the Relevant Person on their behalf. We expect each Relevant Person to implement and maintain an Operational Risk policy which enables them to identify, assess, control, and monitor Operational Risk, including Operational Risk that might arise from the effect of international sanctions.



If you have any questions in relation to this letter, please contact us using the DFSA Supervised Firm Contact Form found on the [DFSA ePortal](#).

Yours sincerely,

A handwritten signature in black ink is centered below the 'Yours sincerely,' text. The signature is cursive and appears to read 'Justin Baldacchino'.

Justin Baldacchino
Managing Director, Supervision

CC: Compliance Officers of Authorised Firms