

NASDAQ Dubai Notice No. : 01/07

Date of Issue : 11th February 2007

ANTI- MONEY LAUNDERING NOTICE
Rule 2.19

1. Introduction

- 1.1 This is the Anti-Money Laundering Notice referred to at Rule 2.19. It sets out the Anti-Money laundering regime which NASDAQ Dubai requires its Members to comply with and each Member must comply with the provisions of this Notice and any Circular issued under this Notice.
- 1.2 Capitalised terms used in this Notice and not otherwise defined herein shall have the meaning set out in the Rules.
- 1.3 This NASDAQ Dubai Notice will be available on the website at www.nasdaqdubai.com

2. Background

Regulatory Framework applicable to NASDAQ Dubai in the context of Anti-Money Laundering

NASDAQ Dubai is required to adhere to the following regulatory framework:

- (i) DFSA Rulebook: the Authorised Market institutions Module (“AMI Module”);
- (ii) UAE Federal Law No 4 of 2002 regarding the Criminalisation of Money Laundering in the UAE;
- (iii) UAE Federal Law No 1 of 2004 on Combating Terrorism;
- (iv) The UAE Penal Code;
- (v) Any other laws applicable in the UAE and/or DIFC in relation to Anti-Money Laundering compliance; and
- (vi) International standards concerning Anti-Money Laundering, such as the International Organisation of Securities Commissions principles or the Financial Action Task Force Principles.

NASDAQ Dubai is an Authorised Market Institution (“AMI”) and is subject to the AMI Module. Under Rule 11.4.2, it must:

- (i) set out an Anti-Money laundering regime which applies to its Members and which its Members must comply with (this Notice set out that Anti-Money laundering regime);
- (ii) monitor and regularly review compliance of its Members with its Anti-Money laundering regime;
- (iii) ensure that its Members rectify any contravention of that regime without delay;

- (iv) make notifications to the DFSA in relation to breaches relating to that regime and/or conduct amounting to terrorist financing.

3. Anti-Money Laundering Regime applicable to Members

3.1. Authorised Firms (as defined in the Glossary Module of the DFSA Rulebook) and Recognised Members (as defined in the Glossary Module of the DFSA Rulebook) that are Members, are subject to and must comply with the following:

- UAE Federal Law No 4 of 2002 regarding the Criminalisation of Money laundering in the UAE ("UAE Law No 4")
- UAE Federal Law No 1 of 2004 on Combating Terrorism ("UAE Law No 1")
- The UAE Penal Code
- Any other laws applicable in the UAE and/or DIFC in relation to Anti-Money Laundering compliance
- International standards concerning Anti-Money Laundering, such as the International Organisation of Securities Commissions principles or the Financial Action Task Force Principles.

It is important to note that Money Laundering is a crime under UAE Law No. 4 and UAE Law No. 1 and is punishable against institutions and individuals by both fines and imprisonment.

3.2 In addition to 3.1,:-

- (i) a Member must comply with the relevant provisions of the Schedule to this Notice; and
- (ii) NASDAQ Dubai reserves the right to require a specific Member or group of Member(s) to comply with additional provisions notified to it by NASDAQ Dubai from time to time.

4. Money Laundering

Money laundering is generally described as the process by which criminals attempt to hide or disguise the true origin and ownership of the proceeds of their criminal activities, thereby avoiding prosecution, conviction and confiscation of criminal funds. This includes the closely related subject of terrorist financing and international efforts to locate and cut off the funding of terrorists and their organisations. A Member must have Anti-Money laundering policies procedures systems and controls which must include provisions designed to prevent terrorist financing. Unless otherwise expressly provided, references to Anti Money laundering, its policies, procedures, systems, controls and/or the regime shall automatically be taken to include the prevention of terrorist financing.

Members are reminded that they must take their own legal advice on matters relating to anti money laundering and counter terrorist financing and that they may be subject to different and additional provisions from those mentioned in this Notice.

Schedule to the Anti –Money Laundering Notice

(A) Background

As an AMI, NASDAQ Dubai must have a regime for its members which includes inter alia provisions relating to:

- anti money laundering compliance arrangements
- appointment of an MLRO
- customer identification and retention of documents
- internal and external reporting of suspicious transactions
- transaction monitoring
- use of government, regulatory and international findings with regard to anti-money laundering deficiencies in specific jurisdictions and with regard to money laundering and terror suspects
- risk assessment
- training

(B) Member Requirements

1. Authorised Firms

- 1.1 Under the DFSA Rules, a Member that is an Authorised Firm (as defined in the Glossary Module of the DFSA Rulebook) must comply with the Anti Money Laundering module of the DFSA Rulebook (“AML Module”).
- 1.2 NASDAQ Dubai requires the Member to appoint a Member Money Laundering Reporting Officer (“MMLRO”) who shall act as point of contact within the Member for all money laundering issues. Where a Member has appointed a Money Laundering Reporting Officer (“MLRO”) for the purposes of the AML Module, the same MLRO and the same deputy shall act as the MMLRO and deputy respectively.

2. Recognised Members of NASDAQ Dubai

- 2.1 A Recognised Member (as defined in the Glossary Module of the DFSA Rulebook) is not subject to the AML Module, but will instead be subject to an Anti-Money laundering regime in their own jurisdiction of incorporation or organisation and if different, in the jurisdiction from which they are operating as a Recognised Member (separately and collectively the “RM AML Regime”).
- 2.2 NASDAQ Dubai requires a Member that is a Recognised Member to comply with each RM AML Regime that is applicable to it. In addition NASDAQ Dubai requires a Recognised Member:
 - (i) to institute, operate and monitor a detailed customer identification and verification process. In particular it must ensure that the information and documentation concerning a customer’s identity remains accurate and up to date;
 - (ii) to ensure that all relevant information, correspondence and documentation used to identify and verify a customer’s identity is retained for at least 5 years from the date on which the business relationship with the customer has ended, or if this date is unclear it may be taken to have ended on the date of the completion of the last transaction;

- (iii) to provide details of its policy on the use of government, regulatory and international findings with regard to anti-money laundering deficiencies in specific jurisdictions and with regard to money laundering and terror suspects;
- (iv) to provide details of its money laundering risk assessment policies and procedures, which should inter alia address the customer eg: whether it is an individual or an entity, whether it is politically exposed, the type of product, the size of the transaction and the geographical location of the customer;
- (v) to appoint a Member Money Laundering Reporting Officer (“MMLRO”) and a deputy MMLRO that are acceptable to NASDAQ Dubai. The MMLRO shall be responsible for all of the Member’s anti money laundering activities carried on in or from the DIFC, and on or in connection with NASDAQ Dubai.
- (vi) The Recognised Member must have a policy statement acceptable to NASDAQ Dubai which details the duties and obligations of the MMLRO. The Recognised Member shall inter alia ensure that:
 - the MMLRO is of sufficient seniority to act on his own authority, has direct access to the governing body and senior management of the Recognised Member, has sufficient resources to assist in the performance of his duties, has unrestricted access to the type of information about customers and transactions which NASDAQ Dubai would expect the MMLRO to have access to;
 - the MMLRO carries out and is responsible for :
 - (a) establishing and maintaining the Recognised Member’s anti money laundering policies, procedures, systems and controls and compliance with anti money laundering legislation applicable in its jurisdiction of establishment, jurisdiction of operations and the DIFC (including applicable UAE legislation) and RM AML Regime;
 - (b) the day-to-day operation for compliance with the Recognised Member’s anti-money laundering policies, procedures, systems and controls;
 - (c) acting as the point of contact to receive internal suspicious transaction reports, taking the appropriate action and making the relevant notifications pursuant to anti money laundering legislation applicable in the DIFC (including applicable UAE legislation) and under the RM AML Regime. Such notifications shall include notifying NASDAQ Dubai and DFSA of all suspicious transactions relating to dealings on or connected with transactions on NASDAQ Dubai.
 - (d) acting as the point of contact for money laundering issues ;
 - (e) responding promptly to any request for information made by NASDAQ Dubai, DFSA and/or competent UAE authorities regarding money laundering issues;
 - (f) establishing and maintaining an appropriate anti money laundering training programme and retaining records of employees attendance at such programmes.