

**Introduction:**

This Inspection Guide has been developed as an official reference for clients who have registered companies with Meydan Free Zone and are subject to regulatory inspections as part of the Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) supervisory framework mandated by the United Arab Emirates.

In alignment with Cabinet Decision No. (132) of 2023 and Cabinet Decision No. (109) of 2023, Meydan Free Zone is committed to fulfilling its obligations as a supervisory authority and as a company registrar. This includes conducting regulatory inspections, which serve as a critical mechanism to assess the compliance of registered companies with applicable AML/CTF laws and regulations.

The purpose of this guide is to:

- Clarify the objectives and scope of the AML inspection process;
- Help clients understand what to expect before, during, and after an inspection;
- Outline the documentation and evidence typically requested during supervision;
- Explain the consequences of compliance and non-compliance.

## **Objectives and Scope of the AML Inspection Process**

The AML inspection process at Meydan Free Zone is an essential regulatory function designed to ensure that companies registered within the Free Zone are operating in compliance with the UAE's Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework.

### **◆ Objectives of the AML Inspection:**

The inspection process aims to:

- Assess Compliance

Verify that the company is complying with applicable AML/CFT obligations under UAE law.

- Evaluate Risk Controls

Evaluate the effectiveness of internal systems, controls, and procedures designed to detect and prevent money laundering and terrorism financing.

- Ensure Transparency

Ensure that beneficial ownership structures, business activities, and customer relationships are fully documented and transparent.

- Support National Security Goals

Align the company's practices with the UAE's strategic objectives to protect its financial and economic system from abuse by criminal networks.

- Guide Improvement

Identify compliance gaps and provide regulatory feedback that supports corrective action and ongoing enhancement of AML/CFT practices.

### **◆ Scope of the Inspection:**

The scope of the AML inspection process may vary depending on the nature of the business activity, risk profile, and compliance history of the company. However, the inspection typically covers the following core areas:

- Identification and Verification of shareholders, directors, and Ultimate Beneficial Owners (UBOs).
- Assessment of Business Activities to ensure alignment with the registered license and absence of suspicious conduct.
- Review of AML Policies and Procedures if applicable (especially for DNFBPs).
- Examination of Key Records.

## Step-by-Step: AML Inspection Process Explained

Understanding each stage of the AML inspection process enables companies registered with Meydan Free Zone to prepare thoroughly, demonstrate compliance, and avoid unnecessary delays or regulatory penalties.

### ◆ Before the Inspection

Companies will typically receive a **notification** from Meydan Free Zone indicating that their company is subject to the AML Supervision inspection. This notice may include:

- The type of inspection (on-site or remote)
- The date and timeframe for the inspection
- A list of required documents and information
- The purpose and scope of the inspection

At this stage, companies should:

- Review internal documentation and records
- Ensure UBO details in the Entity register ([click here](#)), company licenses, board meeting minutes ([click here](#)) and lease agreements are up to date
- Prepare any AML-related policies and procedures (if applicable)
- Ensures that at least one stakeholder joins the inspection meeting
- Complete the Task on ERP within 14 days of receiving the notification

### ◆ After the Inspection

Following the inspection, the company may receive:

- A Remediation plan, highlighting the amendments and requirements made during the meeting, and outlining the deadline for corrective action
- Completion of AML Supervision email, confirming the satisfactory end of the inspection meeting

## **Documentation and Evidence Typically Requested During AML Supervision**

During an AML inspection, Meydan Free Zone acts in its capacity as a supervisory authority and may request a range of documents and evidence to assess a company's compliance with applicable AML/CFT requirements. The type and extent of documentation requested may vary based on the company's business activity, risk classification, and regulatory obligations under UAE law.

Companies are expected to maintain accurate and accessible records and must be ready to present these upon request. Failure to provide the required documentation may be treated as a compliance breach and may lead to further scrutiny or penalties.

### ◆ Commonly Requested Documents Include:

1. Entity Registry (Please see attached template).
2. Board Meeting Minutes (Please see attached template).
3. Previous year's financial statements/record of accounts.
4. Document confirming your license activity - which can include any of the following documents – invoice to a supplier/document example with company letterhead/brochure/website screenshots.
5. Address verification.

### **Important Reminders:**

- All documentation must be current, accurate, and consistent with previously submitted records.
- Companies should retain records for a minimum of five years, as per UAE AML law

### ◆ DNFBP's Requested Documents Include:

1. Company Information:
  - Trade License and MOA/AOA
  - UBO and Shareholder Register
  - Organizational Chart (with department heads)
  - List of Directors and Staff (with roles and nationalities)
  - Group Structure (with trade licenses of HQ/branches/subsidiaries)
  - Service Agreements with Outsourced Providers (if applicable)
2. Banking & Financial Information
  - Audited/Unaudited Financial Statements (last 2 years)

- Full AECB Credit Report (as of notice date)
  - List of All Bank Accounts + Bank Statements (last 12 months)
3. AML/CFT Policies and Procedures
- AML/CFT Policies and Internal Procedures
  - Risk Assessment Methodology and Latest Results
  - KYC & UBO Identification Processes
  - PEP Identification and Handling Procedures
  - Customer Risk Assessment Process
  - Record Keeping Process
  - Targeted Financial Sanctions (TFS) Implementation Process
4. Compliance Officer Details
- Compliance Officer CV and Job Description
  - Agreement with External Compliance Consultant (if applicable)
  - Latest Compliance Report on AML/CFT Review
  - Employee AML/CFT Training Plan and Attendance Records
  - List of Reports Submitted via goAML
5. Risk Assessment
- Entity-Wide Risk Assessment and Results
  - Client List with Risk Classification (based on geography, service, product, transaction, channels, etc.)
6. Customer Due Diligence (CDD/EDD)
- Client List with Risk Rating and Nationality
  - CDD/EDD Files for Clients
  - Supplier List with KYC Documents
  - Sample Completed KYC Forms
7. Politically Exposed Persons (PEPs)
- PEP Register with Supporting Documents and Approvals
8. Cash & Virtual Asset Transactions
- List of Cash Transactions (last 2 years)
  - List of Virtual Asset Transactions (wallet IDs, platforms, details), if applicable
9. Ongoing Monitoring & Transaction Monitoring
- Ongoing Transaction Monitoring Mechanism
  - List of Red Flags/Indicators Used for Monitoring

#### 10. Reports Submitted via goAML

- List of STRs/SARs Filed (last 2 years)
- DPMSR/REAR Reports and Related Actions (if applicable)
- List of Funds Freezing / Partial Name Match Reports (if applicable)

#### 11. Record Keeping

- Sample of Files/Records related to Financial, Commercial, and Customer Transactions

#### 12. Targeted Financial Sanctions (TFS)

- Sample Results of Screening Against TFS Lists

#### 13. Internal Audit Reports

- Most Recent Internal or External Audit Report on AML/CFT Framework

#### 14. AML/CFT Training

- List of AML/CFT Trainings for Staff and Management
- Trainings Attended by Compliance Officer

### **Important Notice**

Failure to comply with AML/CFT regulations, respond to inspection requests, or provide accurate documentation may result in:

- **Financial penalties**
- **Suspension of business activities**

## **Benefits of Compliance and Consequences of Non-Compliance**

The outcome of an AML inspection conducted by Meydan Free Zone is determined based on the company's ability to demonstrate compliance with applicable laws and regulations. The consequences vary depending on whether the company meets or fails to meet the required standards.

### **Benefits of Compliance**

When a company is compliant with AML/CFT obligations, it can expect a smooth and efficient inspection process with minimal disruption, no financial penalties, enhanced reputation and credibility with regulatory bodies and business partners and strengthened risk management and internal controls that reduce future exposure to compliance failures. Maintaining compliance also supports the UAE's national objectives in combating financial crime and positions the company as a trusted and responsible business entity.

### **Consequences of Non-Compliance**

Non-compliance may result from missing, inaccurate, or falsified information, a lack of AML procedures, or failure to cooperate with the inspection. The consequences of non-compliance may include:

- Written warnings and requests for corrective action within a specified timeframe.
- Delays in company registration, license issuance, or renewal.
- Administrative penalties, including financial penalties, depending on the severity of the violation.

Failure to provide additional data requested by the Registrar within 14 days from the date of the request, as per Article 10 Cabinet Decision No. 132/2023 On the Administrative Penalties to Be Imposed on the Violators of Cabinet Decision No. 109/2023 Concerning the Regulation of Beneficial Ownership Procedures, will result in:

- A written warning to correct the violation within 15 days of the warning letter.
- Administrative fines ranging from AED 15,000 to AED 30,000, along with a notification to take corrective action within the specified period.

### **Conclusion**

Meydan Free Zone is committed to maintaining the highest standards of transparency and regulatory compliance to protect the integrity of the business environment within its jurisdiction. The AML inspection process, governed by Cabinet Decisions No. 132

and 109, plays a vital role in ensuring that all registered companies uphold their legal obligations and contribute to the UAE's efforts against money laundering and terrorism financing.

Clients are encouraged to view this inspection process not only as a regulatory requirement but as an opportunity to strengthen their internal controls, improve risk management practices, and enhance their overall corporate governance.

Proactive preparation, full cooperation, and timely response to inspection requests will facilitate a smooth supervisory process, reduce the risk of penalties, and support the long-term success and credibility of your business.