

RAKEZ Corporate Service Provider Regulations of 2020



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RAS AL KHAIMAH ECONOMIC ZONE AUTHORITY
RAKEZ Corporate Service Provider Regulations of 2020



PART I
PRELIMINARY PROVISIONS

1. Title and Commencement

1. These Regulations may be cited as the RAKEZ Corporate Service Provider Regulations of 2020.
2. These Regulations came into force upon issuance by the Authority.

2. Legislative Authority

1. These Regulations are made by the Board of Directors of the Authority pursuant to Law No. 2 of 2017 concerning the establishment of Ras Al Khaimah Economic Zone.
2. The Authority may issue any rules, guidelines, circulars and directives to supplement these Regulations.
3. The Authority has the right to repeal, revise, amend or modify from time to time any provisions of these Regulations.

3. Applicability

These Regulations are applicable to an Entity duly registered with the Authority as corporate service provider (CSP) and a Certificate has been issued to it.

4. Definitions

In these Regulations, unless the context otherwise requires—

“**AED**” means UAE Dirhams, the lawful currency for the time being of the UAE;

“**Agreement**” refers to the agreement entered into by the Registered CSP and the Company governing their relationship in relation to the CSP Services;

“**Authority**” means Ras Al Khaimah Economic Zone Authority;

“**Authorized Personnel**” means a person employed by the Registered CSP to perform the CSP Services.

“**Certificate**” means the certificate issued pursuant to these Regulations to an Entity duly approved and registered by the Registrar to provide CSP Services;

“**Company**” – means a body corporate registered and licensed by the Authority in accordance with its rules and regulations and such registration and licensing are facilitated by a Registered CSP.

“**Companies Regulations**” means the Authority’s company regulations known as RAKEZ Companies Regulations of 2017;

“**Corporate Service Providers Regulations**” refers to Authority’s regulations concerning compliance and due diligence requirements to be conducted/observed by corporate service providers registered with the Authority as shown in Schedule 2.

“**CSP**” means corporate service provider;

“**CSP Services**” means the services rendered or to be rendered by the Registered CSP to Entity as mentioned in Schedule 1;

“**Entity**” means a body corporate duly registered and licensed in accordance with the UAE laws and has physical presence within UAE and registered with the Authority to perform the CSP Services, and a Certification has been issued to it;

“**NOC**” means the no objection certificate issued by the Registered CSP for the purpose of changing of Registered CSP as per these Regulations

“**RAK**” means the Emirate of Ras Al Khaimah, UAE;

“**Registrar**” means the registrar of companies of the Authority;

“**Registered CSP**” means an Entity that has been approved by the Registrar to provide CSP Services and holds a valid Certificate;

“**UAE**” means the United Arab Emirates;

“**UAE Anti-Money Laundering Rules**” means all applicable laws, rules and regulations in force in the United Arab Emirates or other jurisdiction concerning the prevention of money laundering and/or the prevention of the financing of terrorist activity as such laws, rules and regulations may be amended or re-enacted from time to time and including:

- (a) Federal Law No. 4/2002 (as amended by Federal Law No. 9/2014) on money laundering and combating the finance of terrorism;
- (b) Cabinet Decision No. 38/2014 on implementing Federal Law No. 4/2002; and
- (c) Federal Law No. 7/2014 On Combating Terrorism Offences;

“**Ultimate Beneficial Owner**” means each individual who ultimately owns or controls, directly or indirectly and legally or beneficially, shares, capital, a right to profits or voting rights of the Company of which the Registered CSP provided CSP Services or any individual who otherwise exercises control over the management of such Company.

“**Website**” means the website of the Authority at www.rakez.com; and

“**Zone**” means the zones or areas owned and managed by the Authority.

5. General Interpretation

(1) In these Regulations, a reference to—

- (a) a statutory or regulatory provision includes a reference to the statutory or regulatory provisions as amended or re-enacted from time to time;
- (b) a person includes any natural person, body corporate or body unincorporated, including a company, partnership, unincorporated association, government or state;
- (c) an obligation to publish or cause to be published a particular document or notice shall, unless expressly provided otherwise in these Regulations, include publishing or causing to be published in printed or electronic form;
- (d) a day shall mean a calendar day of the Gregorian calendar;
- (e) a year shall mean a year of the Gregorian calendar;
- (f) a reference to any gender includes all other genders;
- (g) a paragraph or subsection identified by number only and without further identification is a reference to the paragraph or subsection of that number contained in the Regulation or other Section of these Regulations in which that reference occurs;
- (h) a Part, Section, Regulation or Schedule identified by number only and without further identification is a reference to the Part, Section, Regulation or Schedule of that number in these Regulations; and

(2) Headings in a Regulation shall not affect its interpretation.

PART II APPROVAL OF CSP SERVICES

6. Prohibition

1. No Entity may provide CSP Services, or purport to do so, unless such Entity is a Registered CSP.
2. For the purposes of these Regulations, the CSP Services are enumerated in Schedule 1.

7. Contravention of the Prohibition

1. An Entity which contravenes the prohibition under Regulation 6 is liable to a fine not exceeding level 5 as per Schedule 3.

2. In proceedings in respect of a contravention of the prohibition under Regulation 6, it is a defence for the person/Entity accused of the contravention to show that he/it took all reasonable precautions and exercised all due diligence to avoid committing the contravention.
3. An agreement made by a person in the course of providing CSP Services in contravention of the prohibition under Regulations 6 shall not, by virtue of such contravention alone, be void or unenforceable.

PART III

APPLICATION FOR REGISTRATION AND ISSUANCE OF A CERTIFICATE

8. Application for Registration and Certificate

1. An Entity will submit an application for approval to provide CSP Services with the office of the Registrar as per standard form provided by the Authority.
2. On receipt of an application, the Registrar may approve the application to provide CSP Services and grant a Certificate to an Entity if the Registrar is satisfied that the Entity meets the qualifications and conditions set out in Regulation 9.
3. The Entity may withdraw the application, by giving the Registrar written notice, at any time before the Registrar determines it.

9. Qualifications and Conditions

1. The Entity in order to be registered as Registered CSP shall meet the following qualifications and conditions:
 - (i) the Entity has a valid licence issued by the Authority or other competent authorities in UAE;
 - (ii) the Entity must be engaged in legal service, accounting service, company administration, management services, corporate advisory services, business or management consultancy;
 - (iii) the Entity must exist for at least three (3) years in the UAE;
 - (iv) the Entity must have a designated physical office in the UAE;
 - (v) the Entity must have sufficient qualified employees to carry out diligent company administration;
 - (vi) the Entity is solvent and has sufficient capital to perform the CSP Services;
 - (vii) the Entity has been able to satisfy the Registrar that it will meet such ethical and professional standards as is expected of those who provide CSP Services.

10. Fees for Registration

1. No registration will be entertained unless fees for registration is paid.
2. The Registrar may set and amend from time to time fees payable in connection with any applications made under these Regulations.

11. Issuance of a Certificate

1. The Registrar shall grant the application and issue a Certificate if he is satisfied that the above qualifications and conditions are met.

The Certificate such issued is valid for a term of one (1) year. A Registered CSP wishing to continue to provide CSP Services must, prior to the expiry of its Certificate, apply for in the approved form and obtain a renewal from the Registrar.
2. The Registrar may refuse an application for renewal if it appears to it that it is desirable to do so in the interests of the Authority.

3. The grant of an approval to provide CSP Services and a Certificate pursuant to these Regulations shall not operate to exempt the Registered CSP from any requirement or obligation to obtain any other approval, consent, licence, permission, or authorisation or undertake any other formality or process pursuant to any other law for the time being applicable to the Authority, including any Federal Law having application to the Authority.

The grant of an approval, consent, licence, permission, or authorisation or completion of any other formality or process pursuant to any other law for the time being applicable in RAKEZ shall not operate to exempt any person/Entity from a requirement to obtain approval to provide CSP Services and a Certificate pursuant to these Regulations.

PART IV CONDUCT OF THE REGISTERED CSP

12. Duties of Registered CSP

1. The Registered CSP shall have the following duties:

- a) Use best efforts faithfully and diligently, in good faith, to promote the incorporation, licensing and renewal of the Company;
- b) Ensure to immediately notify and update the Registrar in case of any changes in its structure, ownership, shareholding, directorship and/or management;
- c) Provide the Registrar a document showing its authority to represent the Company for the purpose of incorporation and licensing;
- d) Ensure that all data and information in relation to the Company submitted to the Registrar is true, accurate, correct and lawful;
- e) Ensure to immediately notify and update the Registrar in case of any changes in the Company's structure, ownership, shareholding, directorship and/or management;
- f) Establish and maintain systems and controls to comply with these Regulations.
- g) Keep full and complete records of the identification details of each Company to which it provides CSP Services.
- h) Comply with all applicable laws, rules and regulations, including, without limitation, personal data protection, Anti-Corruption and Anti-Money Laundering Law and regulations.
- i) Properly observe and comply with the Corporate Service Providers Regulations issued by the Authority as shown in Schedule 2.
- j) Comply with the reasonable instructions of the Registrar relating to the CSP Services which may be given from time to time.

2. A Registered CSP which contravenes the provision under this Subsection of Regulation 12 is liable to a fine not exceeding level 5 as per Schedule 3.

13. Registered CSP's Undertaking

1. A Registered CSP undertakes that

- (a) it shall comply with all applicable laws, rules, regulations, proclamations and orders in the United Arab Emirates in connection with the provision of CSP Services;
- (b) the provision of the CSP Services will not constitute or result in breach or violation of, or a default under, its certificate of incorporation, by-laws, or other organisational documents;
- (c) it shall perform the CSP Services with the care, diligence, skill, judgment (including good, safe and prudent practice) and foresight that would be expected to be observed by a skilled, professional and experienced expert carrying out activities that are the same or similar to provision of CSP Services under the same or similar circumstances;

- (d) it shall not accept or give any bribe in whatsoever form from or to any person in relation to the CSP Services and shall ensure that its Authorized Personnel, employees or agents do not accept or give any commission, gift, benefit or inducement;
- (e) it shall, and shall procure that its Authorised Personnel shall, comply at all times with all applicable laws, regulations and/or rules (including without limitation, in relation to data protection) and upon request by the Registrar, the Registered CSP shall deliver to the Registrar satisfactory evidence of such compliance;
- (f) it shall use best endeavours to ensure no conflicts of interest exist in relation to the CSP Services;
- (g) it shall not do anything which may directly or indirectly impair, or cause loss or damage to, the Authority's business or reputation;
- (h) it shall not, and shall ensure that its employees do not, under any circumstances provide any financial advice, guarantee or other comment in respect of any licences and services offered by the Authority (whether past, present, proposed or contemplated) and nor do they hold themselves out as being qualified or authorised to provide any such advice;
- (i) it is suitably qualified and experienced, with sufficient resources and infrastructure to provide the CSP Services and is in good standing;
- (j) it has and will maintain all necessary licenses and resources to perform the CSP Services through-out the term of the Certificate;

14. Compliance with Anti-Money Laundering Regulations

1. Prior to carrying out the CSP Services from time to time, Registered CSP shall undertake all necessary due diligence on the Company in accordance with the applicable standard practice and law and regulation (including the applicable Anti-Corruption and Anti-Money Laundering Laws and Regulations);
- 2 The Registered CSP shall, and it shall procure that its Authorised Personnel shall, determine, from time to time, that the Company is compliant, complied or is complying with applicable laws and regulations (including Anti-Corruption and Anti-Money Laundering Laws and Regulations);
- 3 The Registered CSP shall maintain a register of the Ultimate Beneficial Owners of each Company of which the Registered CSP is providing CSP Services specifying the full name and address of each such Ultimate Beneficial Owner and copies of official documents confirming the identity of the Ultimate Beneficial Owners of each Company of which the Registered CSP is the registered agent.

15. Insurance

A Registered CSP shall maintain such insurance (including professional indemnity insurance) as appropriate taking into account the nature, size, complexity, structure, net assets and diversity of its business. For these purposes, professional indemnity insurance shall include a policy that provides payment in the event that the Registered CSP incurs liability to a third party arising out of a fraudulent, dishonest or negligent act or omission by the Registered CSP, its Authorized Personnel or employees or the loss, theft or unlawful disclosure of documents or data.

PART V REGISTERED CSP AND THE COMPANY

16. Relationship

1. All dealings by the Company before the Authority and Registrar will be done through its Registered CSP. The Registered CSP is the sole representative of the Company and the Registrar may refuse to entertain any person other than the Registered CSP unless the Company notifies the Registrar that the Registered CSP has failed to carry out its duties. In such a case, change of Registered CSP under Regulation 17 shall apply.

2. To govern their relationship, the Registered CSP and the Company will enter into an Agreement stating among others their respective rights and obligations with each other. The Authority if requested might provide its standard form of said Agreement.
3. Prior to performing the CSP Services, the Registered CSP will submit the Agreement mentioned in this Regulation to the Registrar.

17. Change of Registered CSP by the Company

1. Change with Consent of Registered CSP:

- a) The Company may change its Registered CSP by submitting an application before the Registrar.
- b) The application will include:
 - i) the name of the Registered CSP being replaced;
 - ii) the name of the new Registered CSP including its contact details;
 - iii) original NOC issued by the Registered CSP being replaced;
 - iv) original shareholders' resolution duly signed by all of the shareholders of the Company approving the change of Registered CSP;
 - v) copy of the Agreement mentioned under Regulation 16 with the new Registered CSP; and
 - vi) proof of payment of the relevant fees.
- c) The NOC will state that the Registered CSP consent to its replacement, it ceased to provide CSP Services to the Company and their agreement has been cancelled.
- d) Upon submission of the application (including the documents required), the Registrar will study the request and may, at his sole discretion, ask for additional documents then decide to accept or reject the request.
- e) Prior to rendering an action on the application, the Registrar at his own discretion may contact the Registered CSP to verify the application to change under this sub-section.

2. Change without the Consent of the Registered CSP:

- a) The Company may submit an application before the Registrar to allow the change of Registered CSP.
- b) The application will include:
 - i. the name of the Registered CSP being replaced;
 - ii. the name of the new Registered CSP including its contact details;
 - iii. original shareholders' resolution duly signed by all of the shareholders of the Company approving the change of Registered CSP;
 - iv. the ground(s) where the request for change is based; and
 - v. proof of payment of the relevant fees.
- c) The grounds for change of Registered CSP under this sub-section are as follows:
 - i. Registered CSP has breached the Agreement mentioned in Regulation 16;
 - ii. Registered CSP has committed material violation of these Regulations;
 - iii. Registered CSP has violated the Authority's Companies Regulations and/or the Corporate Service Providers Regulations; and
 - iv. Registered CSP has committed violation of any applicable federal or local laws.
- d) The Registrar will give notice to the Registered CSP informing the Registered CSP of the said application and allow the Registered CSP to submit its answer. As mediation process, the Registrar will require the Company and the Registered CSP to appear before his office for possible settlement.
- e) In the mediation process, the Registrar will:

- i. Settlement Reached: the Registrar will either: (a) close the application for change and the Registered CSP will continue providing CSP Services to the Company; or (b) instruct the Company to change the Registered CSP in accordance with Subsection 1 of this Regulation 17;
 - ii. No Settlement: either party may bring the matter and their grievances before the competent court.
3. Change due to Abandonment or Closure of the Registered CSP:
 - a) In the event of closure of the Registered CSP or the Company is abandoned by the Registered CSP, the Company may submit an application to the Registrar to change the Registered CSP.
 - b) The application will include:
 - i. the name of the Registered CSP being replaced;
 - ii. the name of the new Registered CSP being appointed including its contact details;
 - iii. original resolution duly signed by all of the shareholders of the Company approving the change of Registered CSP;
 - iv. proof showing that the Registered CSP is closed or abandoned the Company; and
 - v. proof of payment of the relevant fees.
 - c) The Registrar will notify the existing Registered CSP of the Company using all the contact details available to appear before the office of the Registrar within a prescribed time as appropriate.
 - d) After the expiration of the prescribed period and the Registered CSP failed to appear before the Registrar's office, the Registrar will allow the change of Registered CSP.
 - e) Prior to approval of the change of Registered CSP, the Company will enter into an Agreement with the new Registered CSP. The Registrar will request the Company to initiate the cancellation of the Agreement with the existing Registered CSP.

18. Resignation of the Registered CSP

1. A Registered CSP is entitled to cease providing CSP Services to the Company in case:
 - a) the Company has outstanding fees to the Registered CSP; or
 - b) the Company breached the Agreement signed with the Registered CSP; or
 - c) if requested by the Company and issued an NOC.
2. For circumstances mentioned in Subsection 1(a) and (b) of this Regulation 18, the Registered CSP may submit an application with the Registrar for permission to resign as Registered CSP for the Company.
3. The application will include:
 - a) the name of the Company;
 - b) the reason for resignation is based; and
 - c) proof of payment of the relevant fees.
4. The Registrar will give notice to the Company informing the Company of the said application and provide the Company with a prescribed time to respond and to appoint a new Registered CSP for the Company, failing to which the Company may be subject to strike off as per the provisions of the Companies Regulations

PART VI APPOINTMENT MADE BY REGISTERED CSP

19. Appointment of Directors

1. As per agreement of the CSP Service with the Company, the Registered CSP may appoint directors of the Company.

2. When the Registered CSP is appointing a director on a Company, the Registered CSP must ensure that the appointed director is able to and will devote sufficient time and attention to each Company he/she is holding a director position on.
3. No person shall be a Director who:
 - a) is under the age of twenty one (21) years or as prescribed by the Laws in the UAE from time to time;
 - b) is disqualified from being a Director by virtue of:
 - i) having been convicted of a criminal offence, involving dishonesty or moral turpitude, in any jurisdiction in the past ten (10) years;
 - ii) having been found guilty of insider trading or the equivalent in any jurisdiction at any time;
 - iii) having been judged disqualified by the Court;
 - iv) being on a UN, UAE or other relevant sanctions list;
 - v) disqualification under the memorandum of association of the Company;
 - c) is an undischarged bankrupt;
 - d) is not a natural person.

20. Appointment of Managers

1. The Company must have a manager to be appointed by the Company itself or by the Registered CSP.
2. No person can be a manager who:
 - a) is a natural person under the age of twenty one (21) years unless approved by the Registrar;
 - b) has not been approved by the Registrar;
 - c) has been judged disqualified by the court; or
 - d) does not qualify based on the criteria provided in the memorandum of association of the Company.

21. Affairs of the Director and Manager

The affairs of and dealings by of the director will be regulated by the Companies Regulations and other regulations and guidelines issued by the Authority from time to time.

PART VII AUTHORIZED PERSONNEL

22. Appointment of Authorized Personnel

1. To perform the CSP Services, Registered CSP shall appoint an Authorized Personnel based on the following qualifications:
 - a) a natural person;
 - b) possesses a degree of skill and experience, which is appropriate to the tasks to which they are allotted and which they are required to achieve in the course of their employment with the Registered CSP;
 - c) must perform CSP Services in a workmanlike and professional manner;
 - d) must be employed by the Registered CSP in a senior position, being a manager, director, legal counsel, legal registrar or similar position of authority and responsibility
 - e) must be employed by Registered CSP on a full-time basis;
 - f) must hold a bachelor's degree or certificate or evidence of equivalent experience and qualifications;
 - g) Any other requirements as notified by the Registrar or the Laws applicable in UAE from time to time.

2. The Authorized Personnel must be approved by the Registrar in writing or electronically as the case may be.
3. The Authorized Personnel shall remain in full-time employment of the Registered CSP. In the event that the employment of the Authorized Personnel is terminated, or employment terms changed, the Registered CSP shall immediately notify the Registrar and appoint an alternate Authorized Personnel within seven (7) days from termination.
4. The Registered CSP is solely responsible to the acts or omission of the Authorized Personnel.

23. Provision of CSP Services by Authorized Personnel of Registered CSP.

The CSP Services rendered by the Authorized Personnel shall be deemed the rendition of CSP Services under the approval to provide CSP Services subject to the Certificate issued to the Registered CSP.

PART VIII INSPECTION

24. Right to Inspect

All information maintained by Registered CSP pursuant to these Regulations shall be open to inspection by the Registrar but shall not be open to inspection by the public.

25. Audit and Reports

1. The Registered CSP shall provide designated representatives of the Authority with access to any premises of the Registered CSP solely for the purposes of enabling them to conduct audits in order to (a) verify that the CSP Services being provided; and (b) determine whether the Authority has reasonable grounds to suspect fraudulent activity or other similar impropriety by the Registered CSP.
2. The Registered CSP shall cooperate in the inspection and audit, shall provide full and accurate information required to conduct the same on a timely basis, and shall assist the designated representatives of the Authority as permitted by law.
3. The Registered CSP shall provide activity reports to the Registrar if requested.

26. Registrar's Power to Require Information:

1. The Registrar may, by notice in writing require such Registered CSP to provide specified information or information of a specified description; or to produce specified documents or documents of a specified description within a reasonable period stated in the said notice.
2. This Regulation applies only to information and documents reasonably required in connection with the exercise by the Registrar of functions conferred to him by or under the Companies Regulations and these Regulations.

PART IX INVESTIGATION

27. Investigative Power

1. The Registrar at his initiative or through a complaint submitted by the Company or by third person of the alleged violation by the Registered CSP of these Regulations, Companies Regulations, other rules and regulations of the Authority or any local or federal laws may decide to investigate the Registered CSP by the Registrar himself or by appointing an investigation team.
2. The Registrar will send a written notice to the Registered CSP providing details of the complaint and giving the Registered CSP opportunity to provide reasons of non-violation of any of the Regulations or Laws applicable.

3. Subsequent to review of the response received from the Registered CSP, the Registrar may decide whether further investigation is required.
4. If the complaint submitted by the Company or by third person seems to be prima facie inappropriate or the purpose is defamation of the Registered CSP, the Registrar will reject the complaint or if it is already commenced the investigation, discontinue the same.
5. The Registrar may impose a fine to the Company or third party for providing false or inappropriate complaint as mentioned under Subsection (4) of this Regulation.

28. Disciplinary Actions

1. If the Registrar is satisfied that a contravention of these Regulations, Companies Regulations, Corporate Service Providers Regulations, rules and regulations of the Authority or any local or federal laws has been committed by the Registered CSP, the Registrar may take any of the following actions:
 - i) Cancel the registration and Certification of the Registered CSP;
 - ii) Restrict the Registered CSP's use of the electronic transaction system;
 - iii) Require the Registered CSP to pay a fine not exceeding level 5 as per Schedule 3;
 - iv) Issue a notice to the Registered CSP; or
 - v) Endorse the contravention to the competent authorities.
2. In case of failure of payment of fines imposed by the Registrar will result in actions prescribed under sub-subsections (i) and (ii) of this Regulation 28(1).

PART X CANCELLATION

29. Cancellation by Registrar at the Request of Registered CSP

1. The Registrar may, upon request by the application of the Registered CSP, cancel its registration and approval to provide CSP Services.
2. The request for cancellation under this Regulation 29 should accompany the reasons for which the request is being submitted along with a transfer plan of the Companies to which they act as the Registered CSP.
3. The Registrar may refuse the request under this Regulation:
 - i) if it appears that the Companies to which the Registered CSP is associated with are not notified of this request submitted to the Registrar;
 - ii) if there is a complaint against Registered CSP pending investigation;
 - iii) if it appears to it that it is desirable to do so in the interest of the Authority.

30. Cancellation on Initiative of Registrar

1. The Registrar may at his own initiative exercise its power to cancel an approval to provide CSP Services issued to a Registered CSP and recall the Certificate if it appears to the Registrar that—
 - (a) the Registered CSP is failing, or is likely to fail, to satisfy the qualifications and conditions applicable to it as stated in Regulation 9;
 - (b) that Registered CSP has failed, during a period of at least twelve (12) months, to provide CSP Services;
 - (c) that Registered CSP has violated these Regulations;
 - (d) that Registered CSP fails to obtain a replacement for the Authorized Personnel within seven (7) days of termination;
 - (e) that Registered CSP is no longer an Entity as its incorporation and license has been revoked by the issuing authority;

- (f) that Registered CSP has failed to comply with the regulations and rules enacted by, or any other law for the time being applicable in the Authority and any requirements imposed by the Registrar pursuant to these Regulations;
- (g) that person has become bankrupt, insolvent or applies for, consents to or suffers the appointment of an administrator, liquidator or receiver or institutes any proceeding under any law for bankruptcy, liquidation, reorganisation or dissolution or makes or enters into a general assignment with or for the benefit of its creditors; or
- (h) it is desirable to exercise the power in the interests of the Authority.

31. Cancellation of Certificate: Procedure

1. If the Registrar proposes to cancel a Registered CSP's approval to provide CSP Services under Regulation 28, it must give the Registered CSP a warning notice stating the reason for cancellation and direct the Registered CSP to do the necessary rectification within the period stated in the warning notice.
2. Failure by the Registered CSP to rectify within the stipulated period, the Registrar will with immediate effect cancel the registration of the Registered CSP by issuing a decision notice.
3. If the Registrar issues a decision notice cancelling a Registered CSP's approval to provide CSP Services, such Registered CSP shall immediately cease to provide CSP Services to the Company.

32. Transfer of Records

1. In case the Registered CSP ceases to act as the Registered CSP of a Company, as its approval to provide CSP Services has been cancelled by the Registrar or the Registered CSP has resigned under Regulation 18 or has been replaced by the Company as per Regulation 17, the Registered CSP shall—
 - (a) provide copies of all records related to such Company to the new Registered CSP appointed by such Company; and
 - (b) do all things necessary to facilitate the new Registered CSP discharging its duties for the Company.
2. A Registered CSP who has ceased to act as Registered CSP to the Company shall be entitled to provide to the Registrar such information relating to the Company, as the Registered CSP considers appropriate and any agreement preventing or restricting such disclosure of information shall be void.

PART XI SURVIVAL OF PROCEEDINGS AND DISPUTE RESOLUTION

33. Jurisdiction of the Authority after Cancellation

1. A Registered CSP whose Certificate or approval to provide CSP Services is cancelled or expires without a renewal being granted in accordance with these Regulations shall remain subject to these Regulations and to the jurisdiction of the Authority in respect of any acts and omissions while it was a Registered CSP and in respect of any investigation or disciplinary or other proceedings relating thereto (including the payment of any fine or application of any other sanction imposed) as if it is a Registered CSP, for the longer of—
 - (a) the period of two (2) years from the date of cancellation or expiration; or
 - (b) the period during which disciplinary or other proceedings continue against the Registered CSP being proceedings started by the Authority no later than two (2) years after the date on which its cancellation or expiration, subject to any extension of the period under subsection (3) of this Regulation.

2. Disciplinary or other proceedings commenced following the termination or expiry of a Certificate may be started by giving to the former Registered CSP notice of an investigation no later than two (2) years after the date of termination or expiry.
3. In the event that the Authority concludes that there are, or may be, additional matters in respect of which disciplinary proceedings should be taken, the period referred to in subsection (1) of this Regulation shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).

34. Dispute Resolution involving Registered CSP

It shall be a condition of any approval granted that a Registered CSP submits to the jurisdiction of the RAK courts or any dispute resolution entity established by the Authority whichever may be determined by the Authority, to hear any disputes between Registered CSP and the Authority or between Registered CSP and the Company.

PART XII ENFORCEMENT

35. Fines

1. The Registrar shall issue notices from time to time requiring that a fine be paid for a violation of these Regulations, any relevant requirement or any other legislation, regulations or rules administered by the Authority.
2. There shall be a scale of fines for contraventions of these Regulations and rules and regulations of the Authority as per Standard Fines Scale as set out in Schedule 3 of these Regulations.
3. The fees and penalties specified in these Regulations or any rules imposed pursuant to these Regulations shall be payable to the Authority.
4. If the Registrar proposes to impose a fine under Regulation 35 for violation of these Regulations it must give a warning notice about a proposal to impose a fine. The warning notice about a proposal to impose a fine must state the amount of the proposed fine.
5. If the Registrar decides to impose a fine under Regulation 35 for violation of these Regulations it must give a decision notice of imposition of a fine. The decision notice must state the amount of the proposed fine.

36. Statement of Policy

1. The Registrar may prepare and issue a statement of its policy with respect to the imposition of fines. The Registrar's policy in determining what the amount of a fine should be:
 - (a) the seriousness of the contravention in question in relation to the nature of the relevant requirement or provision of these Regulations contravened; and
 - (b) the extent to which that contravention was deliberate or reckless.
2. The Registrar may at any time alter or replace a statement issued by it under this Regulation. If a statement issued under this Regulation is altered or replaced by the Registrar, the Registrar must issue the altered or replacement statement.
3. Any statement issued under this Regulation by the Registrar may be published by the Registrar on the Website.

PART XIII INDEMNIFICATION

37. Obligation to Indemnify

1. The Registered CSP shall defend, protect, release, hold harmless, indemnify and keep indemnified the Authority as well as its Registrar, officers, directors, personnel and employees against any and

all costs (including attorneys' fees and other legal costs and expenses), fees, expenses (including lost profits), liabilities, losses, damages, suits, causes of action, claims or any other proceedings whatsoever when arising out of, associated with or incidental to:

- a) any breach of these Regulations by the Registered CSP or Authorized Personnel or any person working for or on behalf of the Registered CSP;
- b) any wilful act or negligent act or omission by the Registered CSP or Authorized Personnel;
- c) any claim by a third party or competent authority in relation to breach of any Anti-Corruption or Anti-Money Laundering Laws;
- d) any claim or complaint filed or instigated by the Company or any other person in connection with the CSP Services;

PART XIV GENERAL

38. Registrar

1. The Registrar has the power to do whatever he deems necessary for or in connection with, or reasonably incidental to, the performance of his functions, as may be conferred, or expressed to be conferred on him pursuant to—
 - (a) the Companies Regulations;
 - (b) these Regulations; and
 - (c) any other regulations issued by the Authority.
2. Without limiting the generality of Subsection (1) of this Regulation, such powers and functions of the Registrar shall be to—
 - (a) set and amend from time to time fees payable for services provided by the Authority under these Regulations, including applications for approval to provide CSP Services and renewal fees;
 - (b) maintain the register listed in Regulation 39.
 - (c) prescribe forms to be used for any of the purposes of these Regulations; and
 - (d) issue rules setting out requirements for the authentication of documents to be filed with the Registrar.
3. The Authority and the Registrar shall have no liability to pay compensation to the Registered CSP, Company or any other person in connection with the discharge of their functions under these Regulations. This Regulation does not limit any liability which arises as a result of fraud or which cannot legally be limited under applicable UAE law.

39. Registers

1. The Registrar shall maintain a register of Registered CSP.
2. The register maintained by the Registrar in accordance with Subsection (1) and the information contained in any document filed may be kept in such manner as the Registrar considers fit including, either wholly or partly, by means of a device or facility—
 - (a) that records or stores information magnetically, electronically or by other means; and
 - (b) that permits the information recorded or stored to be inspected and reproduced in legible and usable form.
3. The Registrar may establish systems and facilities enabling the filing of documents and the provision of information to the Registrar, both in hard copy and electronic form and the issuance of certificates and other documents in hard copy and electronic form.

40. Power of the Registrar to Give Guidance

1. The Registrar may give guidance consisting of such information as it considers appropriate—
 - (a) with respect to the operation of specified parts of these Regulations;

- (b) with respect to any matter relating to the functions of the Registrar; or
- (c) with respect to any other matters about which it appears to the Registrar to be desirable to give information.

41. Incomplete, Inaccurate or Falsified Information

1. A person who fails to provide the information required under these Regulations to the Registrar, or who provides information which is incomplete, inaccurate or misleading, commits a contravention of these Regulations and is liable to a fine not exceeding level 5.
2. A person who provides falsified or forged documents to the Registrar is liable to a fine not exceeding level 5 unless he shows that he did not know or suspect that the documents were falsified or forged, or he informed the Registrar at the time the documents were provided of his knowledge or suspicion.

42. Right to Request Additional Information

The Registrar shall be entitled from time to time to request additional documents or information from a Registered CSP which the Registrar deems necessary for or in connection with, or reasonably incidental to, the performance of his functions.

43. Filing of Documents

Except as otherwise provided in these Regulations, a document required or permitted to be filed or submitted by a Registered CSP on behalf of the Company under these Regulations, may only be filed—

- (a) by the Registered CSP; or
- (b) the Authorized Personnel of the Registered CSP.

44. Inspection of Register and Documents Filed

1. The Registered CSP, and any person appearing to the Registrar to be the directors or Authorized Personnel of a Registered CSP may—
 - (a) inspect the register maintained by the Registrar under Regulation 39;
 - (b) inspect any document retained by the Registrar in accordance with Regulation 44; and
 - (c) require a certified or uncertified copy or extract of an approval to provide CSP Services issued by the Registrar, or a copy or an extract of any document or any part of a document of which he has custody, to be certified by the Registrar.
2. A document or a copy or an extract of any document or any part of a document certified by the Registrar under subsection (1) of this Regulation is admissible in evidence in any proceedings as if it were the original document.
3. Subsection (2) of this Regulation applies whether the copy or extract is obtained from a document filed in paper form or is a copy of, or extract from, a document filed in electronic form or is an extract from any register maintained by the Registrar in electronic form.
4. An extract certified by the Registrar as containing particulars of a registered document filed in electronic form is, in the absence of proof to the contrary, conclusive evidence of the filing and registration of those particulars.

45. Registered CSP continues to be liable for fees, etc.

1. A Registered CSP continues to be liable for all fees and penalties payable under these Regulations notwithstanding that its approval to provide CSP Services has expired or been revoked.

SCHEDULE 1 The CSP Services

- a) Represent the Company before the Authority and Registrar in all matters related to registration, licensing and renewal as well as updating the corporate documents of such Company.
- b) Represent the Company in respect to establishment of investment in the Zone, including visa and employment issues.
- c) May appoint directors and managers of the Company.
- d) Serve as a focal point between the Company and the Authority or Registrar.
- e) Promote the Authority's Zone or RAK to the Company.
- f) Explain the Authority's company formation process to the Company, and advise them as to the most suitable Zone, registration type, license, business activity, and package for their business.
- g) Introduce the Company to the Authority who are interested in the registration and licensing of company.
- h) Conduct due diligence on all prospective Company (at a minimum this should include: Identifying the customer and verifying that customer's identity using reliable, independent source documents, data or information; Identifying the beneficial owner, and taking reasonable measures to verify the identity of the beneficial owner, and understanding the ownership and control structure of the customer; Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship).
- i) Assist the Company in completing application forms for the registration and licensing of companies and receive from the Company all required documents in accordance with the relevant checklist or as otherwise required by the Authority or Registrar.
- j) View and verify originals of the below listed documents in respect of each Company:
 - Current passport of the signatory/all signatories of/on behalf of Company;
 - Constitutional documents of a corporate shareholder/ parent company (e.g. Trade License, Certificate of Registration, Memorandum of Association etc.)
- k) Witness the signatures of all signatories for:
 - Authority's specimen signature form;
 - Resolution of the proposed shareholders for the formation of a company;
 - Resolution of the board or shareholder of any parent company seeking to establish a new subsidiary company or a branch company at the Zone;
 - the proposed Company's memorandum of association, in the form approved by the Registrar;
 - The Lease; and
 - The DNFBP Form.
- l) The Registered CSP must always be completely satisfied with the identity of the person whose signature is being witnessed. The Registered CSP must not witness a person's signature without being sure that the person is who he or she claims to be and must always check identification and be satisfied that the identification is valid. The Registered CSP must never accept the word of a third party as being sufficient for the identification to justify witnessing a person's signature and must carry out its own due diligence at all times.
- m) Provide the Registrar with a Verification Certificate in a form approved by the Registrar for each document on which a signature has been witnessed. The Verification Certificate must be printed on the official letterhead of the Registered CSP and signed by the Authorized Personnel and sealed or stamped with the Registered CSP's seal or stamp. The Verification Certificate must include:
 - The name of the document witnessed;
 - The name, designation and address of the signatories;
 - Details of the corporate entity if relevant;
 - the name of the Country or city in which the document is signed;

- The date the document was signed and witnessed;
 - The name of the witness (being the Authorised Personnel)
 - A seal or stamp; and
 - A Registered CSP and Authorised Personnel statement in a form acceptable to the Registrar.
- n) The Verification Certificate must be attached to the original document(s) witnessed and sent to the Registrar; where appropriate, the Registered CSP must stamp and provide the details of the person signing on the same page that is signed by the person.
- o) Certain documents, for instance the Memorandum of Association, may require a prescribed form of witnessing and/or Notarization and the Registered CSP shall ensure that it clarifies all witnessing requirements with the Registrar from time to time to ensure that the documents comply with the relevant laws and regulations.
- p) Receive all other relevant documents from the Company to be submitted to the Registrar.
- q) Complete and submit an application (personally or physically or online) for registration and licensing to the Registrar on behalf of the Company.
- r) Make payments to the Authority on behalf of the Company.
- s) Deliver, in person or by courier, the original (or Certified/Attested copy) documents required for such registration and licensing of a company to the Authority for the attention of the relevant the Authority's relationship manager.
- t) Assist the Company to pay the relevant fees to the Authority either online on the Authority's portal or via electronic transfer to such account as notified to the Registered CSP by the Authority.
- u) Deliver to the Authority the signed lease agreement (entered into by the Authority and the Company for the facility obtained by the Company).
- v) Respond on behalf of the Company to any directive or notice issued by the Authority or Registrar.
- w) Carry out and be responsible for the registration and licensing on behalf of the Company.
- x) Manage the renewal of license, lease and/or visas on behalf of the Company.

SCHEDULE 2

CORPORATE SERVICE PROVIDERS REGULATIONS

1. Short title, Scope, Commencement and Authority.

These Regulations may be cited as the **Ras Al Khaimah Economic Zone - Corporate Service Providers Regulations 2019**. These Regulations come into force on the date of publication.

These Regulations are made by the Board of directors of RAKEZ pursuant to:

- Ras Al Khaimah Law No. 2 of 2017.
- UAE Anti Money laundering laws, as more fully described in Section 2 of these regulations.

The scope of these regulations applies to all Corporate Service Providers (“CSPs”) registered with RAKEZ and other UAE or international government authorities and licenced to execute such business activity for and on behalf of their Customers in the UAE.

2. Definitions.

In these Regulations, unless the context otherwise requires –

“**AED**” means UAE Dirhams, the lawful currency for the time being of the UAE;

“**Authority**” means Ras Al Khaimah Economic Zone Authority established pursuant to Law No. 2 of 2017, promulgated by H.H. Sheikh Saud Bin Saqr Bin Mohammed Al-Qasimi, Ruler of Ras Al Khaimah;

“**Business Companies Regulations**” means the RAKEZ Companies Regulations 2017;

“**Corporate Service Providers**” or “**CSPs**” are providers of corporate services and trusts upon performing or executing a transaction on the behalf of their Customers in respect of the following activities:

- (a) Acting as an agent in the creation or establishment of legal persons.
- (b) Working or equipping another person to serve as director or secretary of a company, as a partner or in a similar position in a legal person.
- (c) Providing a registered office, work address, residence, correspondence address or administrative address of a legal person or legal arrangement.
- (d) Performing work or equipping another person to act as a trustee for a direct trust or to perform a similar function in favour of another form of Legal arrangement.
- (e) Working or equipping another person to act as a nominal shareholder in favour of another person.

“**Crime**”: Money laundering crime and related predicate offences, or Financing of Terrorism or Illegal Organisations.

“**Customer**” means anyone who performs or attempts to perform any of the acts defined in Article 4(3) with any Corporate Services Provider.

“Customer Due Diligence” or “CDD” means the process of identifying or verifying the information of a customer or Beneficial Owner, whether a natural or legal person or a legal arrangement, and the nature of its activity and the purpose of the business relationship and the ownership structure and control over it.

“FIU” means the Financial Intelligence Unit;

“Financing of Terrorism” means any of the acts mentioned in Articles (29) and (30) of Federal Law no (7) of 2014 on Combating terrorism offences;

“Financing of Illegal Organisations” means any physical or legal action aiming at providing funding to an illegal organisation, or any of its activities or members.

“High risk customer” means a Customer who represents a risk either in person, activity, business relationship, nature of geographical area, such as a customer from a high-risk country or non-resident in a country in which he does not hold an identity card, or a customer having

a complex structure, performing complex operations or having unclear economic objective, or who conducts cash intensive operations, or operations with an unknown third party, or operations without directly confronting any other high risk operations identified by financial institutions, or designated non-financial businesses and professions.

“Illegal Organisations” means organisations whose establishment is criminalised or which pursue a criminalised activity;

“Money Laundering” means any of the acts mentioned in Clause (1) of Article (2) of the Federal Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations;

“Politically Exposed Persons (PEPs)” means Natural persons who are or have been entrusted with prominent public functions in the State or any other foreign country such as Heads of States or Governments, Senior politicians, Senior government officials, judicial or military officials, senior executive managers of state owned corporations, and senior officials of political parties and persons who are, or have previously been, entrusted with the management of an international organisation or any prominent function within such an organisation; and the definition also includes the following:

1. Direct family members (of the PEP, who are spouses, children, spouses of children, parents)
2. Associates known to be closed to the PEP, which include:
 - (a) Individuals having joint ownership rights in a legal person or arrangement or any other close business relationship with the PEP.
 - (b) Individuals having individual ownership rights in a legal person or arrangement established in favour of the PEP.

“RAKEZ” means Ras Al Khaimah Economic Zone, a Government Authority of Ras Al Khaimah;

“**Registrar**” means the registrar of companies appointed in accordance with Regulation 7 of the RAKEZ Companies Regulations of 2017;

“**State**” means the United Arab Emirates;

“**UAE**” means the United Arab Emirates;

“**UAE Anti-Money Laundering Laws**” means all applicable laws, rules and regulations in force in the United Arab Emirates concerning the prevention of money laundering and/or the prevention of the financing of terrorist activity as such laws, rules and regulations may be amended or re-enacted from time to time and including:

- (a) Federal Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations;
- (b) Cabinet Decision No. 10 of 2019 Concerning the Implementing Regulation of Decree Law No (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations.

“**Ultimate Beneficial Owner**” or “**Beneficial Owner**” means the natural person who owns or exercises effective ultimate control, directly or indirectly, over a customer or the natural person on whose behalf a transaction is being conducted or, the natural person who exercises effective ultimate control over a legal person or Legal arrangement.

3. General Interpretations.

In these Regulations, a reference to—

a statutory or regulatory provision includes a reference to the statutory or regulatory provisions as amended or re-enacted from time to time;

a person includes any natural person, body corporate or body unincorporated, including a company, partnership, unincorporated association, government or state;

an obligation to publish or cause to be published a particular document or notice shall, unless expressly provided otherwise in the Business Companies Regulations or these Regulations, include publishing or causing to be published in printed or electronic form;

a day shall mean a calendar day of the Gregorian calendar;

a year shall mean a year of the Gregorian calendar;

a reference to any gender includes all other genders;

a paragraph or subsection identified by number only and without further identification is a reference to the paragraph or subsection of that number contained in the Regulation or other Section of these Regulations in which that reference occurs;

4. General Prohibition

- (1) No person may provide CSP services, or purport to do so, unless specifically licenced by RAKEZ to be a Corporate Service Provider.

6. Contravention of the General Prohibition

A person who contravenes the General Prohibition is liable to a fine not exceeding level 5.

In proceedings in respect of a contravention of the General Prohibition, it is a defence for the person accused of the contravention to show that he took all reasonable precautions and exercised all due diligence to avoid committing the contravention.

An agreement made by a person in the course of providing CSP services in contravention of the General Prohibition shall not, by virtue of such contravention alone, be void or unenforceable.

7. Compliance with Anti Money Laundering Regulations

I. Identification and Mitigation of Risks:

1. CSPs are required to identify, assess and understand their Crime risks in concert with their business nature and size and comply with the following:
 - (a) Considering all the relevant risk factors such as customers, countries or geographic areas; and products, services, transactions and delivery channels, before determining the level of overall risk and the appropriate level of mitigation to be applied.
 - (b) Documenting risk assessment operations, keeping them up to date on an on-going basis and making them available upon request.
2. CSPs shall commit to take steps to mitigate the identified risks mentioned as per Clause (1) herein taking into consideration the results of the National Risk Assessment, by the following:
 - a) Developing internal policies, controls and procedures that are commensurate with the nature and size of their business and are approved by senior management to enable them to manage the risks that have been identified, and if necessary, to monitor the implementation of such policies, controls and procedures and enhance them.
 - b) Applying CDD measures to enhance high risk management once identified. Examples include:
 - (1) Obtaining more information and investigating this information, such as information relating to the Customer and Beneficial Owner identity, or information relating to the purpose of the business relationship or reasons for the transaction.
 - (2) Updating the CDD information of the Customer and Beneficial Owner more systematically.

- (3) Taking reasonable measures to identify the source of the funds of the Customer and Beneficial Owner.
 - (4) Increasing the degree and level of ongoing business relationship monitoring and examination of transactions in order to identify whether they appear unusual or suspicious.
 - (5) Obtaining the approval of senior management to commence the business relationship with the customer.
3. In case the requirements stipulated in Clauses (1 and 2) above are met, the CSPs shall apply simplified CDD measures to manage and limit the identified low risks, unless there is suspicion of a committed crime. The simplified CDD measures should be commensurate with low risk factors. These include the following, as examples:
- (a) Verifying the identity of the Customer and Beneficial Owner after establishing the business relationship.
 - (b) Updating the Customer's data based on less frequent intervals.
 - (c) Reducing the rate of ongoing monitoring and transaction checks.

Concluding the purpose and nature of the business relationship based on the type of transactions or the business relationship that has been established, without the need to gather information or performing specific procedure.

II. Customer Due Diligence (CDD):

1. CSPs are required to undertake CDD measures to verify the identity of the Customer and the Beneficial Owner before or during the establishment of the business relationship or before executing a transaction for a Customer with whom there is no business relationship. And in the cases where there is a low crime risk, it is permitted to complete verification of Customer identity after establishment of the business relationship, under the following conditions:
 - a) The verification will be conducted in a timely manner as of the commencement of business relationship or the implementation of the transaction.
 - b) The delay is necessary in order not to obstruct the natural course of business.
 - c) The implementation of appropriate and effective measures to control the risks of the crime.
2. CSPs are required to take measures to manage risks in regards to the circumstances where customers are able to benefit from the business relationship prior to the completion of the verification process.

III. CDD Measures:

CSPs shall undertake CDD measures in the following cases:

- (a) Establishing the business relationship.
- (b) Carrying out occasional transactions in favour of a Customer for amounts equal to or exceeding AED 55000, whether the transaction is carried out in a single transaction or in several transactions that appear to be linked.

- (c) Carrying out occasional transactions in the form of wire transfers for amounts equal to or exceeding AED 3500.
- (d) Where there is suspicion of crime.
- (e) Where there are doubts about the veracity or adequacy of previously obtained customer's identification data.

IV. Ongoing supervision of business relationships:

CSPs shall undertake ongoing supervision of business relationships, including:

1. Audit transactions that are carried out throughout the period of the business relationship, to ensure that the transactions conducted are consistent with the information they have about Customer, their type of activity and the risks they pose, including where necessary, the source of funds.
2. Ensure that the documents, data or information obtained under CDD measures are up to date and appropriate by reviewing the records, particularly those of high risk customer categories.

V. Identifying the Customer's identity:

1. CSPs shall identify the Customer's identity, whether the customer is a natural or legal person or legal arrangement, and verify the customer's identity and identity of the Beneficial Owner. This should be done using documents, data or information from a reliable and independent source or any other source to verify the identity verification as follows:

(a) For natural persons:

The name, as in the identification card or travel document, nationality, address, place of birth, name and address of employer, attaching a copy of the original and valid identification card or travel document, and obtain approval from senior management, if the Customer or the Beneficial Owner is a PEP.

(b) For legal persons and legal arrangements:

- (1) The name, legal form and Memorandum of Association.
 - (2) Headquarter office address or the principal place of business; if the legal person or arrangement is a foreigner, it must mention the name and address of its legal representative in the State and submit the necessary documents as a proof.
 - (3) Articles of Association or any similar documents, attested by the competent authority within the State.
 - (4) Names of relevant persons holding senior management positions in the legal person or legal arrangement.
2. CSPs are required to verify that any person purporting to act on behalf of the customer is so authorised, and verify the identity of that person as prescribed in Clause 1 of this section.

3. CSPs are required to understand the intended purpose and nature of the business relationship, and obtain, when necessary, information related to this purpose.
4. CSPs are required to understand the nature of the Customer's business as well as Customer's ownership and control structure.

VI. Verifying the identity of Beneficial Owners:

CSPs are required to take reasonable measures to verify the identity of Beneficial Owners of legal persons and legal arrangements, by using information, data or statistics acquired from a reliable source, by the following:

1. For Customers that are legal persons:

- (a) Obtaining and verifying the identity of the natural person, who by himself or jointly with another person, has a controlling ownership interest in the legal person of 25% or more, and in the case of failing or having doubt about the information acquired, the identity shall be verified by any other means.
- (b) In the event of failing to verify the identity of the natural person exercising control as per paragraph (a) of this Clause, or the person(s) with the controlling ownership is not the Beneficial Owner, the identity shall be verified for the relevant natural person(s) holding the position of senior management officer, whether one or more persons.

2. For Customers that are legal arrangements:

Verifying the identity of the settlor, the trustee(s), or anyone holding a similar position, the identity of the beneficiaries or class of beneficiaries, the identity of any other natural person exercising ultimate effective control over the legal arrangement, and obtaining sufficient information regarding the Beneficial Owner to enable the verification of his/her identity at the time he/she intends to exercise his/her legally acquired rights.

VII. Exemption from identifying and verifying the identity:

CSPs shall be exempt from identifying and verifying the identity of any shareholder, partner, or the Beneficial Owner, if such information is obtainable from reliable sources where the Customer or the owner holding the controlling interest are as follows.

1. A company listed on a regulated stock exchange subject to disclosure requirements through any means that require adequate transparency requirements for the Beneficial Owner.
2. A subsidiary whose majority shares of stocks are held by the shareholders of the holding company.

VIII. Inability to undertake CDD measures:

1. CSPs shall be prohibited from establishing or maintaining a business relationship or executing any transaction should they be unable to undertake CDD measures towards the customer and should consider reporting a suspicious transaction to the FIU.

2. Even if they suspect the commission of a crime, CSPs should not apply CDD measures if they have reasonable grounds to believe that undertaking such measures would tip off the customer and they should report a suspicious transaction to the FIU along with the reasons having prevented the, from undertaking such measures.

IX. Shell Companies:

CSPs shall commit to the following:

1. Not to deal in any way with Shell Companies.
2. Not to create and keep records of Customer relationships using Pseudonyms, fictitious names or numbered relationships without the Customer's name.

X. Politically Exposed Persons (PEPs):

In addition to undertaking CDD measures required and more fully described in the foregoing Sections, CSPs shall be required to carry out the following.

For Foreign PEPs:

- (a) Put in place suitable risk management systems to determine whether a customer or the Beneficial Owner is considered a PEP.
- (b) Obtain senior management approval before establishing a business relationship, or continuing an existing one with a PEP.
- (c) Take reasonable measures to establish the source of funds and wealth of Customers and Beneficial Owners identified as PEPs.
- (d) Conduct enhanced ongoing monitoring over such relationship.

For Domestic PEPs and individuals previously entrusted with prominent functions at international organisations:

- (a) Take sufficient measures to identify whether the customer or the Beneficial Owner is considered one of those persons.
- (b) Take the measures identified in Clauses (b), (c) and (d) under the first paragraph of this Article, when there is a high risk business relationship accompanying such persons.

XI. Suspicious Transaction Reports ("STRs"):

1. CSPs shall put in place indicators that can be used to identify the suspicion on the occurrence of a crime in order to report STRs, and shall update these indicators on an ongoing basis, as required, in accordance with the development and diversity of the methods used for committing such crimes.
2. If CSPs have reasonable grounds to suspect that a transaction, attempted transaction, or funds constitute crime proceeds in whole or in part, or are related to the crime or intended to be used in such activity, regardless of the amount, they shall adhere to the following without invoking professional or Contractual secrecy.

- (a) Directly report STRs to the FIU without any delay, via the electronic system of the FIU or by any other means approved by the FIU.
- (b) Respond to all additional information requested by the FIU.

XII. Tipping Off:

CSPs, their managers, officials or staff shall not disclose, directly or indirectly, to the Customer or any other person(s) that they have reported, or are intending to report a suspicious transaction, nor shall they disclose the information or data contained therein, or that an investigation is being conducted in that regard.

XIII. Reliance on a third party:

1. Taking into consideration the high risk countries identified, the CSPs may rely on a third party to undertake the necessary CDD measures towards Customers and the CSP shall be responsible for the validity of these CDD measures and shall do the following:
 - (a) Immediately obtain, from third parties, the necessary identification data and other necessary information collected through CDD measures and ensure that copies of the necessary documents for such measures can be obtained without delay and upon request.
 - (b) Ensure that the third party is regulated and supervised, and adheres to the CDD measures towards customers and record keeping provisions in these regulations.

CSPs, who rely on the third parties of the same group Company, shall ensure that:

- (a) The group company applies the CDD, PEP and record keeping requirements and implements programs for combating the crime in accordance with these regulations and the group company is subject to supervision in that regard.
- (b) The group company sufficiently mitigates any high risks linked to countries through its own policies and controls for combating the crime.

XIV. Compliance Officer Tasks:

CSPs shall appoint a Compliance Officer. The Compliance Officer shall have the appropriate competencies and experience and under his or her own responsibility, shall perform the following tasks:

1. Detect transactions relating to any crime.
2. Review, scrutinise and study records, receive data concerning suspicious transactions, and take decisions to either notify the FIU or maintain the transactions with the reasons for maintaining while maintaining complete confidentiality.
3. Review the internal rules and procedures relating to combating crime and their consistency with UAE Anti Money laundering laws and these regulations, assess the extent to which the institution is committed to the application of these rules and procedures, propose what is needed to update and develop these rules and procedures, prepare and submit semi-annual reports on these points to senior management and, if

requested, provide a copy of that report to RAKEZ as the licensing authority, addressed to The Registrar, RAKEZ, enclosed with senior management remarks and decisions.

4. Prepare, execute and document ongoing training and development programs and plans for the institution's employees on Money Laundering and the Financing of Terrorism and Financing of Illegal organisations, and the means to combat them.
5. Collaborate with RAKEZ as the licensing authority and FIU, providing all requested data and allow authorised employees to view the necessary records and documents that will allow them to perform their duties.

XV. High Risk Countries:

CSPs shall implement enhanced CDD measures based on the level of risk that might arise from business relationships and transactions with natural or legal persons from high risk countries.

XVI. Record Keeping:

1. CSPs shall maintain all records documents, data and statistics for all transactions with Customers for a period of no less than five years from the date of completion of the transaction or termination of the business relationship with the Customer.
2. CSPs shall keep all records and documents obtained through CDD measures, ongoing monitoring, account files, and business correspondence and copies of personal identification documents, including STRs and results of analysis performed, for a period of no less than five years from the date of termination of the business relationship or after the completion of a casual transaction or from the date of completion of the inspection by RAKEZ or any supervisory authorities, or from the date of issuance of a final judgement of the competent judicial authorities, all depending on the circumstances.
3. The records and documents kept shall be organised so as to permit data analysis and tracking of transactions.
4. CSPs shall make all Customer information regarding CDD towards Customers, ongoing monitoring and results of their analysis, records, files, documents, correspondence and forms available immediately to RAKEZ and other competent authorities upon request.

8. Registrar's power to require information.

1. The Registrar shall be entitled from time to time to request additional documents or information from a Corporate Service Provider which the Registrar deems necessary for or in connection with, or reasonably incidental to, the performance of the Registrar functions.
2. The Registrar may, by notice in writing given to a CSP, require them:
 - a) to provide specified information or information of a specified description; or

- b) to produce specified documents or documents of a specified description.
- 3. The information or documents must be provided or produced—
 - a) before the end of such reasonable period as may be specified; and
 - b) at such place as may be specified.
- 4. The Registrar may require—
 - a) any information provided, whether in a document or otherwise, to be verified in such manner; or
 - b) any document produced to be authenticated in such manner, as it may reasonably require.

9. Inspection of Corporate Services Providers' premises.

The Authority may inspect Corporate Services Providers' premises to monitor compliance with these Regulations and/or UAE Anti-Money Laundering Laws. The Authority will endeavour to arrange any such inspection so that disturbance or disruption is kept to a minimum. However, the Authority reserves the right to enter Corporate Services Providers' premises at any time without prior notice. Whereas the Authority has absolute discretion as to the frequency of such inspections for individual Corporate Services Providers, RAKEZ will carry out no less than one inspection in a four-year period.

10. Onboarding of Corporate Services Providers.

- 1. All CSPs registering with RAKEZ will be subject to risk-based CDD in accordance with internal policies and procedures prior to commencing any business with that CSP and upon other submissions (such as renewal). In all situations, the objective is to obtain satisfactory evidence of individuals' true identity, as well as the purpose and nature of their business.
- 2. As part of onboarding, all CSPs will be requested to read and understand the RAKEZ AML, CTF and Sanctions Policy (Appendix 5).
- 3. As part of onboarding, all CSPs will be requested to provide additional information, to answer questionnaires and sign various documents, which are annexed to these Regulations:
 - a) Non-disclosure agreement (Appendix 1);
 - b) Sanctions Policy Questionnaire (Appendix 2);
 - c) A copy of the CSP's AML, CTF and Sanctions policies and procedures, if available, to be reviewed by the Compliance team, and acknowledgement of receipt and understanding of the RAKEZ AML, CTF and Sanctions Policy (Appendix 4); and
 - d) Acknowledgement of receipt and understanding of the RAKEZ AML, CTF and Sanctions Policy (Appendix 3).

11. Contraventions

1. A person who knows or suspects that an investigation is being or is likely to be conducted under this Part commits a contravention of these Regulations if—
 - (a) he falsifies, forges, conceals, destroys or otherwise disposes of a document which he knows or suspects is or would be relevant to such an investigation; or
 - (b) he causes or permits the falsification, concealment, destruction or disposal of such a document, unless he shows that he had no intention of concealing facts disclosed by the documents from the investigator.
2. A person who, in purported compliance with a requirement imposed on him under this Part—
 - (a) provides a document that he knows or suspects has been falsified or forged without disclosing such knowledge or suspicion to the Registrar;
 - (b) provides information which he knows to be false or misleading in a material particular; or
 - (c) recklessly provides information which is false or misleading in a material particular, commits a contravention of these regulations.
3. A person who commits either of the contraventions set out in 1 or 2 above is liable to a fine not exceeding Level 3.

12. Enforcement

Warning notices

A warning notice must—

- (a) state the action which the Registrar proposes to take;
- (b) be in writing; and
- (c) give reasons for the proposed action.
- (d) A warning notice must specify a reasonable period (which may not be less than 14 days) within which the person to whom it is given may make representations to the Registrar.
- (e) The Registrar may extend the period specified in the notice.
- (f) The Registrar must then decide, within a reasonable period, whether to give the person concerned a decision notice.

Decision notices

A decision notice must—

- (a) be in writing;
- (b) give the reasons of the Registrar for the decision to take the action to which the notice relates;
- (c) state the date on which the action is to be taken; and
- (d) if it imposes a fine, state the amount of the fine and the manner in which, and the period within which, the fine is to be paid.

13. Incomplete, inaccurate or falsified information

1. A person who fails to provide the information required under these Regulations to the Registrar, or who provides information which is incomplete, inaccurate or misleading, commits a contravention of these Regulations and is liable to a fine not exceeding level 5.
2. A person who provides falsified or forged documents to the Registrar is liable to a fine not exceeding level 5 unless he shows that he did not know or suspect that the documents were falsified or forged or he informed the Registrar at the time the documents were provided of his knowledge or suspicion.

Schedule

The Standard Fines Scale.

Level on the Scale	Amount of Fine (AED)
1	1000
2	2000
3	5000
4	10000
5	20000

Appendix 1 – NON DISCLOSURE AGREEMENT

This confidentiality undertaking (this “Undertaking”) is made by ----- whose address is at -----, United Arab Emirates (the “Recipient”) and **Ras Al Khaimah Economic Zone** and its related entities (collectively “**RAKEZ**”) whose address is at Business Zone, P. O. Box 10055, Ras Al Khaimah, United Arab Emirates;

The Parties are herein referred to as Parties collectively and as Party individually.

WHEREAS, the Parties recognize that in the course of their discussions to further the business relationship it will be necessary for RAKEZ to disclose or give the Recipient access to RAKEZ’ Confidential Information (as defined below).

THEREFORE, the Recipient undertakes the following:

1. The above preamble shall form an integral part of this Undertaking.
2. For the purpose of this Undertaking the term “Confidential Information” shall mean any and all information, data or records of RAKEZ, presented, given, sent or delivered to the Recipient whether in print, text, writing, orally, visually, electronically, via computer diskettes, compact disks, computer files of any and all kinds, or through any other audiovisual, tangible or intangible forms whatsoever, and whether or not designated as confidential by RAKEZ or its affiliates or clients or which, under the circumstances surrounding disclosure, ought to be treated as confidential and shall include but shall not be limited to, any and all information, data, records, statements, processes, formulae, techniques, financial, technical, business, operational, commercial, staff, management, sales strategies, desires, goals or expansions and other information, data and expertise of whatever kind, including all lists of potential or existing clients or customers, organizational information, contracts or agreements, proprietary business or management methods, marketing data, fee schedules, know-how, designs, concepts, techniques, inventions and ideas, business plans, computer software and programs, database technologies, systems, structures and architectures, research projects or trade secrets of RAKEZ or its affiliates or clients and shall include all computer files, documents, data and analyses prepared by RAKEZ or its agents or its affiliates or clients, which contain or are based upon Confidential Information. Confidential Information shall also include any information which can be obtained by examination testing or analysis of any such hardware, any component or part thereof, and software or material samples, provided or given access to the Recipient by RAKEZ.
3. The obligation to maintain the confidentiality of Confidential Information shall continue to apply for an indefinite term. However, the said obligation does not apply to Confidential Information:
 - (i) if the Confidential Information is generally available to third parties (unless available as a result of direct or indirect breach of this Undertaking); or
 - (ii) if the Confidential Information is lawfully in the Recipient’s possession (as evidenced by the Recipient’s written records) and was not acquired directly or indirectly from RAKEZ; or
 - (iii) if the disclosure of Confidential Information is required by any applicable law or by any supervisory or regulatory body to whose rules the Recipient is subject, or with whose rules it is necessary for the Recipient to comply.

4. If any proceedings are commenced or action taken which could result in it becoming compelled to disclose Confidential Information, the Recipient will, to the extent that it is lawfully able, immediately notify RAKEZ of such proceedings or action in writing and will take all available steps to resist or avoid such proceeding or action, including all steps that may reasonably be requested by RAKEZ and keep RAKEZ fully and promptly informed of all matters and developments relating thereto. If the Recipient is obliged to disclose Confidential Information to any third party, the Recipient will disclose only the minimum amount of information consistent with satisfying its obligation. Furthermore, the Recipient will give prior written notice of the information it proposes to disclose, the notice containing a copy of the proposed disclosure, and will give RAKEZ an opportunity to discuss the relevant notice prior to any disclosure.
5. The Recipient will immediately upon receipt of a written demand from RAKEZ:
 - (i) return to RAKEZ all Confidential Information (and all and any copies thereof or of any part thereof);
 - (ii) erase all Confidential Information from any computer or other similar device and all documents, forms, diskettes, compact discs, computer files or other tangible or intangible item containing Confidential Information together with all samples and models which it has in its possession and provide notice of such erasure.;
 - (iii) destroy all notes, analysis or memoranda containing Confidential Information prepared by RAKEZ or on its behalf or by its advisers or representatives or on their behalf and provide notice of such destruction; and
 - (iv) use all reasonable endeavours to ensure that person(s) to whom the Recipient has supplied any Confidential Information destroys or permanently erases such Confidential Information and any copies made by them, in each case, save to the extent that the person(s) to whom the Recipient has supplied any Confidential Information are required to retain any such Confidential Information by applicable law or by any competent judicial, governmental, supervisory or regulatory body or bona fide stock exchange, or where the Confidential Information has been disclosed in accordance with this Undertaking.
6. The Recipient hereby expressly, unconditionally and irrevocably agrees that it shall:
 - 6.1 hold RAKEZ's Confidential Information in strict confidence to itself and restrict access to such Confidential Information to only its employees on a strict need to know basis and only in relation to the purpose upon which the Confidential Information is provided by RAKEZ and shall further ensure that any such employees are bound by the obligations of confidentiality as stated in this Undertaking, and to hold all Confidential Information of RAKEZ in strict confidence;
 - 6.2 treat such Confidential Information with the same care and precaution that the Recipient affords to its most confidential, valuable, and secret information;
 - 6.3 not use, access or benefit from such Confidential Information for any purpose other than the purpose mentioned in the Engagement Letter;
 - 6.4 not use such Confidential Information in any way detrimental to RAKEZ (it being acknowledged that any use or exploitation by the Recipient of the Confidential Information for any purpose whatsoever other than its own internal and non-commercial use, will be deemed detrimental to RAKEZ);

- 6.5 not to copy, keep, preserve, store or retain in any medium whatsoever any Confidential Information of RAKEZ for any reason whatsoever. To that effect, the Recipient hereby expressly undertakes that it shall immediately upon the request of RAKEZ, destroy any and all of the Confidential Information of RAKEZ, which the Recipient has received from RAKEZ.
 - 6.6 release such Confidential Information to a concerned “Recipient Representative” requiring such information only after advance written notification to RAKEZ stating the name, address, telephone number and relationship to the Recipient of such Recipient Representative, and notifying such Recipient Representative to whom any disclosure of the Confidential Information is made that the disclosure is made in confidence, that the Confidential Information must be kept in strict confidence by the Recipient Representative and that the Confidential Information as well as the Recipient Representative is subject to the terms of this Undertaking;
 - 6.7 not to release, circulate, publish, expose, distribute, reveal, issue or disclose such Confidential Information through any medium or means whatsoever to any other person, persons, entity or entities without the prior express and explicit written consent of RAKEZ, in which event the Recipient shall require such person or entity to enter into a confidentiality agreement acceptable to RAKEZ;
 - 6.8 take all necessary steps and use its best endeavours to protect the Confidential Information from unauthorized access, production, publication, distribution, circulation, exposure, copying or disclosure by any party, in any manner, any means and any medium whatsoever;
 - 6.9 notify RAKEZ immediately upon discovery of any unauthorized use or disclosure of Confidential Information, or any other breach of this Undertaking by the Recipient, and will cooperate with RAKEZ in every way to help RAKEZ regain possession of the Confidential Information and prevent any further unauthorized use of such.
7. The Recipient hereby expressly and unconditionally agrees that any and all of the terms, conditions and provisions contained within this Undertaking relating to the Confidential Information are reasonable and necessary in order to protect RAKEZ's business, reputation, best interests and goodwill. To that effect, the Recipient hereby expressly and unconditionally declares, understands and accepts that should the Recipient breach any of the terms conditions and/or provisions of this Undertaking, RAKEZ shall suffer grave loss, damage and loss of profits to its businesses, reputation, best interests and goodwill. Therefore, in the event that the Recipient is in breach of any of the terms, conditions, and/or provisions of this Undertaking, and without any limitation whatsoever to any other legal and/or contractual rights or remedies that may be available to RAKEZ, the Recipient hereby expressly and unconditionally agrees and undertakes to pay RAKEZ any and all direct, indirect or consequential damages which may be incurred by RAKEZ as a result of a breach by the Recipient of any of the terms, conditions and/or provisions of this Undertaking. The Recipient further unconditionally understands and accepts that monetary compensation may not be sufficient to compensate for the loss that may accrue to RAKEZ as a result of the breach by the Recipient of the terms and conditions of this Undertaking, and to that effect, the Recipient unconditionally understands and accepts that RAKEZ shall be lawfully entitled to utilize any and all other legal rights and remedies which it may have against the Recipient, which shall include, but shall not be limited to any and all necessary and available legal measures and remedies including without limitation injunctive or equitable relief, to prohibit further disclosure, use, decimation or distribution of the Confidential Information and to recover any and all direct and/or indirect losses, damages,

expenses, amounts, costs, fees (including attorneys and arbitration fees) which may accrue and be rightfully due to RAKEZ as a result of a breach by the Recipient of any of the terms, conditions and/or provisions of this Undertaking.

8. The Recipient hereby expressly and unconditionally understands and accepts that nothing in this Undertaking is intended to grant the Recipient any form of right, title or interest in or to any of the Confidential Information of RAKEZ whatsoever, or to any invention, trade secret or intellectual property based thereon. By disclosing, presenting or providing Confidential Information to the Recipient, the Recipient fully and unconditionally understands and accepts that RAKEZ does not grant any express or implied right interest or title to the Recipient or the Recipient Representative to any Confidential Information.
9. The Recipient hereby expressly agrees to indemnify and hold RAKEZ and its directors, officers, shareholders, employees, agents and representatives harmless from any suit, complaint, claim, damages, loss, cost or liability (including any consequential and indirect damages and loss of profit) instituted by a third party before any courts or tribunals which arising out of or resulting from any unauthorized use or disclosure by Recipient or the Recipient Representative of the Confidential Information.
10. The Recipient understands and acknowledges that the provision of Confidential Information by RAKEZ does not create any obligation on its part to enter into any transaction or agreements with the Recipient.
11. The failure of RAKEZ at any time to enforce any of the terms, provisions or conditions of this Undertaking or to exercise any right hereunder shall not constitute a waiver of the same or affect RAKEZ's rights thereafter to enforce the same.
12. This Undertaking shall be governed by and construed in accordance with the laws of UAE as applicable in Ras Al Khaimah. Any dispute arising out of or in connection with this Undertaking shall be exclusively referred to the local courts of Ras Al Khaimah in UAE.

Name:

Signature:

Date:

APPENDIX 2 – Sanctions Declaration

RAS AL KHAIMAH ECONOMIC ZONE – Sanctions Policy Declaration.

It is the policy of the Zone to fully comply with all sanctions laws and regulations of the United Arab Emirates, United Nations, United States, European Union and the United Kingdom, as well as other such laws and regulations, when applicable to its business (collectively, "**Sanctions**").

Channel Partner name: _____

To the best of our knowledge, neither our Proposed Legal Entity nor any of the company's Related Parties¹ are a "**Sanctions Target**" which includes persons or entities that are:

- Listed by the United Arab Emirates, United Nations, United States, European Union or the United Kingdom as a target of Sanctions;
- Owned or controlled by, or operating as agents of, the Governments of Cuba, Iran, North Korea, Syria or Venezuela; or
- Resident or domiciled in Iran, Syria, North Korea, Cuba or Crimea (collectively, the "**Embargoed Countries**").

To the best of our knowledge, neither the Channel Partner nor any of the company's Related Parties are owned by a Sanctions Target.

To the best of our knowledge, neither the Channel Partner nor company's Related Parties have any presence in (i.e., registered office, branch office, subsidiary or other operations, address, principal place of business), or "**Business Activity**" (i.e., sales or purchases, including through agents or intermediaries, transshipments, etc) with or involving, directly or indirectly, an Embargoed Country.

To the best of our knowledge, the Channel Partner and Related Parties do not and will not have any Business Activity with or involving, directly or indirectly, a Sanctions target.

We confirm that all of our business with, through or involving Ras Al Khaimah Economic Zone will not involve a sanctioned country (at present, Crimea, Cuba, Iran North Korea or Syria), including goods procured from or transhipped through a sanctioned country, or violate or cause Ras Al Khaimah Economic Zone to violate any economic or financial sanctions or trade embargoes implemented, administered or enforced by the United Arab Emirates, the United Nations, United States, European Union, United Kingdom or other relevant sanctions authorities."

Date:

Authorised signatory of the Channel Partner:

¹ Related Parties include but are not limited to shareholders, beneficial owners, key controllers (e.g., directors and senior managers), trustees, founders/grantors/settlors and beneficiaries.

APPENDIX 3



**AML, CTF AND SANCTIONS POLICY AND CONTROLS
RECEIPT AND UNDERSTANDING CONFIRMATION – CSP DOES NOT HAVE AN
AML/CTF AND SANCTIONS POLICY**

Date	
Channel Partner Name	

To: RAKEZ

I, the undersigned, do hereby confirm that I have read and understood the AML, CTF and Sanctions Policy and Controls for Channel Partners.

I understand that compliance with this policy is not a substitute for ensuring compliance with the anti-money laundering laws of the United Arab Emirates. This policy and the guidance is not a substitute for legal advice and we must ensure that we comply with all laws that apply to us.

I acknowledge that, in case of failure or non-compliance with the AML, CTF and Sanctions Policy and Controls for Channel Partners, RAKEZ reserves the right to impose the appropriate action deemed necessary, including cancellation of the licence.

Signature: _____

Name: _____

Position: _____

APPENDIX 4.

**AML, CTF AND SANCTIONS POLICY AND CONTROLS
RECEIPT AND UNDERSTANDING CONFIRMATION - CSP HAS AN AML/CTF AND
SANCTIONS POLICY**

Date	
Channel Partner Name	

To: RAKEZ

I, the undersigned (authorized person of the abovementioned company), do hereby confirm on behalf of the above-mentioned Channel Partner, that I have read and understood the AML, CTF and Sanctions Policy and Controls for Agents, that this document has been shared with all relevant personnel of the abovementioned company and that we will comply with all requirements of the Zone as stated therein.

We have implemented and will maintain our own AML, CTF and Sanctions policies and procedures which are commensurate with the AML, CTF and Sanctions Policy and Controls for Channel Partners. These are designed to reasonably prevent, detect and report money laundering, terrorist financing and sanctions violations and to ensure that we do not introduce any entity to the Zone in violation of the Zone's policy requirements.

We understand that compliance with this policy is not a substitute for ensuring compliance with the anti-money laundering laws of the United Arab Emirates. This policy and the guidance is not a substitute for legal advice and we must ensure that we comply with all laws that apply to us.

We acknowledge that, in case of failure or non-compliance with the AML, CTF and Sanctions Policy and Controls for Channel Partners, RAKEZ reserves the right to impose the appropriate action deemed necessary, including cancellation of the licence.

Signature: _____

Name: _____

Position: _____

APPENDIX 5.

RAKEZ AML/CTF POLICY STATEMENT

Introduction

RAKEZ and its directors and other senior management are committed to carrying out the Zone's activities in compliance with all applicable laws, rules and regulations and to maintaining the highest ethical standards in relation to its business activities.

This document sets out for the Zone's anti-money laundering ("**AML**"), countering terrorist financing ("**CTF**") and sanctions compliance policies, controls and procedures and provides guidance on how to recognise and deal with red flags and associated risks.

All employees, officers and directors as well as consultants, representatives, partners, brokers, distributors, and other intermediaries are required to adhere to these standards when they are acting on behalf of RAKEZ in order to protect the Zone and its reputation in relation to money laundering, terrorist financing and sanctions related risks.

RAKEZ is committed to complying with all laws, rules and regulations relating to anti-money laundering ("**AML**"), counter terrorism financing ("**CTF**") applicable to its business and operations.

RAKEZ does not conduct or permit any person to use the Zone to conduct illegal activity. RAKEZ will therefore not register or license any entity where customer due diligence ("**CDD**") cannot be satisfactorily completed, or where there is knowledge or reasonable grounds to suspect that the entity/applicant is engaged in money laundering or terrorist financing.

RAKEZ has established and maintains AML/CTF procedures, systems and controls to prevent and detect money laundering and terrorist financing, which ensure compliance with UAE Federal laws and take into consideration international best practice.

Sanctions

RAKEZ is committed to complying with all sanctions laws and regulations of the United Arab Emirates, United Nations, United States, the European Union and the United Kingdom), as well as other such laws and regulations, when applicable to its business (collectively, "**Sanctions**").

RAKEZ will not register or license any entity that is designated, or whose shareholders², beneficial owners, directors or managers are designated as targets of Sanctions.

² Shareholder is an individual, group or organization that owns one or more shares in a company, and in whose name a share certificate is issued, and, for the purposes of this Policy, shareholders refer to direct/immediate shareholders

RAKEZ shall not permit any person to use the Zone to conduct business with any individual, entity, country or territory that is a target of Sanctions or in an Embargoed Territory (**Crimea**, **Cuba**, **Iran**, **North Korea** and **Syria**) otherwise than in accordance with all applicable laws.

RAKEZ will collect background information from all applicants at the time of registration for use in connection with due diligence procedures, and shall refresh this information at the time of license renewal, to determine if they are ineligible for registration or renewal based on this standard.

Compliance Procedures

All persons with or for whom RAKEZ proposes to form a business relationship or undertake transactions (*including all Applicants*), including licensing, incorporation or registration,³ will be subject to risk-based CDD in accordance with these procedures prior to effecting any business with that Client and upon other submissions (such as requests for license renewal).

The CDD required depends on the type of person with whom RAKEZ proposes to form a business relationship or undertake transactions as well as other factors which might affect the money laundering/terrorist financing or sanctions risk presented by a person. In all situations, the objective is to obtain satisfactory evidence of that person's true identity, as well as the purpose of the relationship.

Information Requirements

For all applicants/Clients seeking to incorporate or license an entity/establishment in RAKEZ, the following information/documents will be required:

1. The proposed entity/establishment type (*e.g.*, free zone or non-free zone).
2. The proposed name of the entity.
3. The proposed entity's registered address and principal place of business.⁴
4. The proposed entity's licence type (*e.g.*, commercial, industrial, general trading, etc.)
5. The intended purpose and nature of the business activities of the entity (and confirmation that the entity does not engage in "**Prohibited Activities**"). *A generic business activity description (such as "management services" or "general trading") is not sufficient.*

³ Forming a company is treated as forming a business relationship even if the formation of the company is the only transaction carried out for that Client. This is due to the potential risk involved in facilitating the formation of a company structure that may be abused by a Client.

⁴ An entity's principal place of business includes the country of the entity's main operating office.

6. Full name, local (*if any*) and home country address, date of birth, and nationality(-ies) (including all nationalities held) of all proposed **directors/ senior managers**
7. Evidence of identity of all proposed **directors/ senior managers** (current, signed passport or current, signed ID card or other official *government issued* identification documentation that is customary in the country of residence, including a clear picture, the individual's full name, date and place of birth and nationality)

In addition, for each director which is a corporate entity:

- (a) the full name of the corporate entity, its registration number and registered address and principal place of business;
- (b) the constitutional documents of the corporate:
 - Certificate of incorporation or registration;
 - Any trade licence or equivalent;
 - Current articles of association and memorandum of association;
 - Current certificate of incumbency or certificate of good standing or Register of Extracts, as applicable;
 - Passport copy of authorised signatories; and
 - The full name, local (*if any*) and home country address, date of birth, and nationality(-ies) (including all nationalities held) of all shareholders and Beneficial Owners.
8. Full name, local (*if any*) and home country address, date of birth, and nationality(-ies) (including all nationalities held) of all **Beneficial Owners**,

"Beneficial Owners" are individuals who ultimately own or control the entity, or on whose behalf a transaction or activity takes places. For a company, a beneficial owner is any individual who:

- owns or controls 25% or more of the shares or voting rights;
- ultimately owns or controls whether directly or indirectly 25% or more of the shares or voting rights in the business;
- holds the right, directly or indirectly, to appoint or remove a majority of the board of directors;
- has the right to exercise, or actually exercises, significant influence or control over the corporate body;
- exercises ultimate control over the management; or
- controls the corporate body.

If shares or rights are held by a nominee, the beneficial owner will be the person for whom the nominee is acting. If the nominee is acting for a legal entity, then the beneficial owner will be the person who exercises ultimate control over the legal entity.

For a partnership, a beneficial owner is any individual who controls 25% or more of the capital of the partnership, or who ultimately is entitled to control 25% or more of the voting rights of the partnership.

For a trust, a beneficial owner includes: the settlor, trustees, beneficiaries and any individual who has control over a trust.

9. Evidence of identity of all **Beneficial Owners** (current, signed passport or current, signed ID card or other official *government issued* identification documentation that is customary in the country of residence, including a clear picture, the individual's full name, date and place of birth and nationality).
10. Where the immediate owners/shareholders of the entity are not individuals (or where they are acting on behalf of a third party), the above information must be obtained for the individuals who are the Beneficial Owners.
11. Full name, local (if any) and home country address, date of birth, and nationality(-ies) (including all nationalities held) of any individual acting on behalf of the entity pursuant to a Power of Attorney or by other means, as well as evidence of identity (such as a current, signed passport or current, signed ID card or other official government issued identification documentation that is customary in the country of residence, including a clear picture, the individual's full name, date and place of birth and nationality);
12. Valid copy of the Power of Attorney, legally attested by a relevant authority (as applicable).
13. Any other document required by the Company Regulations

Where CDD cannot be completed satisfactorily, including in regard to the Beneficial Ownership of the Client, RAKEZ will not provide a service to or for the Client and will not establish a business relationship (including issuing a licence or incorporating a Client) or carry out an occasional transaction with the Client.

RAKEZ, in its absolute and sole discretion, has the right to refuse and decline engaging with a Client introduced to it by a CSP and shall have no obligation (financial or otherwise) towards any CSP with respect to such Client.

**SCHEDULE 3
THE STANDARD FINES SCALE**

The Standard Fines Scale is shown below—

Level on the Scale	Amount of Fine (AED)
1	1,000
2	2,000
3	5,000
4	10,000
5	20,000