

New Federal Decree by Law No. (10) of 2025 Regarding Anti-Money Laundering, and Combating the Financing of Terrorism and Proliferation Financing

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What Is Federal Decree-Law No. 10 of 2025?

The Federal Decree is the country's latest and most comprehensive law governing:

- Anti-Money Laundering (AML)
- Counter-Terrorism Financing (CTF)
- Counter-Proliferation Financing (CPF)

Key Stakeholders Under the Federal Decree

Federal Decree establishes a comprehensive framework, clearly defining the range of stakeholders and entities subject to its provisions across the UAE, such as:

- Non-Profit organizations
- Financial Institutions
- Designated Non-Financial Businesses & Professions
- Virtual Asset Service Provider

Significant Updates and Its Impact

Enhanced Disclosures

Disclosure requirement for valuable stones, precious metals & bearer negotiable instrument



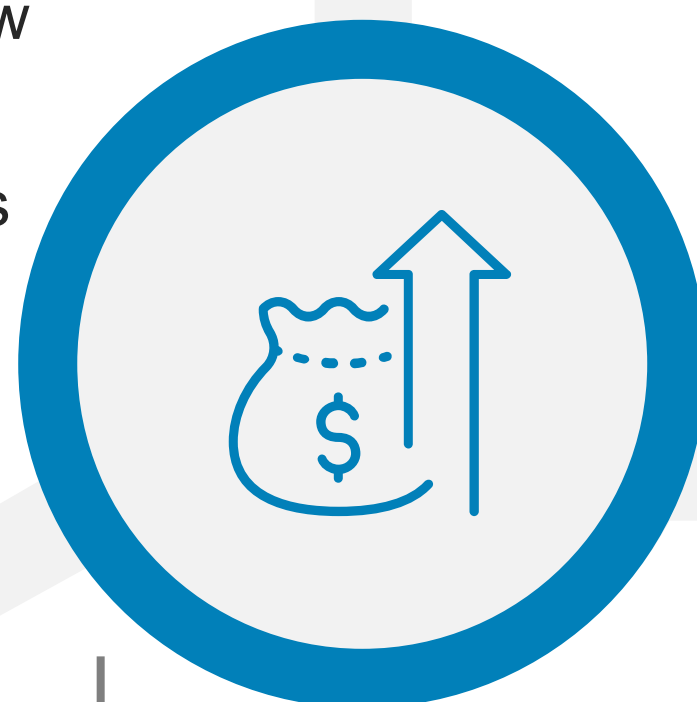
VASPs

VASPs are now covered within the new law as regulated entities



Beneficial Ownership

Increased Compliance & Beneficial Ownership requirements



Supervision

Enhanced powers for supervision, asset recovery & Investigations provided to authorities

Fines & Penalties

Stricter Penalties and administrative fines are now imposed



Proliferation Financing

The law expands the scope to explicitly include Proliferation Financing



Introduction:

- ❑ The New UAE AML/CFT Law, i.e. Federal Decree Law No. 10 of 2025, replaces the old AML Law of 2018, introducing stronger enforcement powers, higher penalties, and new criminal categories, such as Proliferation Financing.
- ❑ Federal Decree is effective from 08-Dec-2025, while the accompanying Cabinet Resolution (135 of 2025) will take effect on 14-Dec-2025.
- ❑ Virtual Assets & VASPs are now directly regulated, with strict licensing and reporting, with added checks on cryptographic technologies;
- ❑ Beneficial Ownership, STR filing, sanctions compliance, and risk assessments face significantly higher scrutiny, backed by extended FIU freezing powers.
- ❑ Businesses are required to promptly strengthen their systems, governance frameworks, and internal control environments to ensure full compliance. Failure to do so may result in severe regulatory consequences, including administrative penalties of up to AED 100 million and, in serious cases, the potential dissolution of the entity.

Compliance Implications:

- ❑ Firms should evaluate the implications of the new AML/CFT and TFS provisions and revise all related policies, manuals, and controls to comply with the updated Federal Decree.
- ❑ Review and update AML/CFT and TFS frameworks, including policies, systems, and procedures, to reflect the new requirements.
- ❑ Ensure all staff are informed of the new AML/CFT and TFS penalty structures under the 2025 AML Law.

1. Explicitly covering Proliferation Financing:

The 2025 law expands the scope to explicitly include Proliferation Financing, covering:

- Financing related to weapons of mass destruction, and
- Dual-use goods that can serve both civilian and military applications.

The updated law requires firms to identify, assess, and mitigate proliferation-financing risks as part of their AML/CFT framework.

The expansion reflects global standards set by the FATF, aligning the UAE's regulatory expectations with international non-proliferation obligations.

2. Bringing VASP under regulatory Perimeter:

This updated law responds to the rapid expansion of the crypto ecosystem within the UAE. Virtual Asset Service Providers (VASPs) are formally classified as Regulated Entities. VASPs are now explicitly required to comply with Suspicious Transaction Reporting (STR) obligations.

Sanctions apply to the use of technologies, accounts, or virtual assets that conceal the Source of Funds or mask the identity of the Beneficial Owner.

Virtual assets designed to provide complete anonymity or prevent traceability are explicitly prohibited.

Promoting or dealing in totally anonymous virtual assets carries a minimum 3 months imprisonment and a fine not less than AED 50,000, or either of these two penalties.

3. Beneficial Ownership Requirement:

Under the 2025 legislation, increased focus is placed on accurately identifying and maintaining Beneficial Ownership across all corporate structures and legal arrangements.

Stronger disclosure and compliance obligations apply to legal arrangements and trusts. Nominee directors and shareholders are now subject to explicit regulatory duties and accountability.

Submission of false or misleading Beneficial Ownership information is punishable by imprisonment and monetary fines starting from AED 20,000.

4. Disclosure Requirement for Currencies, Precious metals, valuable stones & Negotiable Instruments:

Federal Decree introduces mandatory disclosure requirements for employees of businesses who are carrying currencies, precious metals, valuable stones, and bearer negotiable instruments into or out of the country. These disclosures must be made in line with the system issued by the Federal Authority for Identity, Citizenship, Customs, and Port Security, in coordination with the Central Bank.

AML/CFT policies and procedures should be updated to incorporate this mandatory customs disclosure requirement.

5. Enhanced powers for supervision & Investigations:

The 2025 legislation reorganizes the national framework for coordinating and supervising Anti-Money Laundering efforts.

The establishment of two distinct oversight bodies reflects a more advanced and structured approach to governance and enforcement.

- **Supreme Committee:** A strategic oversight body affiliated with the Presidential Court, responsible for setting direction and overseeing the implementation of the National AML Strategy.
- **National Committee:** An operational coordination body chaired by the Central Bank Governor, tasked with executing and managing AML initiatives across relevant authorities.

Firms are likely to be subject to more frequent regulatory examinations, heightened compliance standards, obligations to report to multiple oversight bodies, and expanded administrative enforcement measures.

6. International Cooperation & Asset Recovery:

The 2025 AML Law strengthens international cooperation by removing common grounds for refusal, prioritising and expediting assistance requests, and enabling broad information exchange with foreign authorities under strict confidentiality. It enhances the UAE's ability to cooperate with foreign jurisdictions, freeze and confiscate criminal assets, and recover illicit funds under mutual legal assistance frameworks.

7. Direct & Indirect Tax Evasion Recognized:

Direct and indirect tax evasion are explicitly recognised as predicate offenses for money laundering under the 2025 AML Law, whereas the 2018 law did not specifically include tax evasion

8. Enhanced powers of the FIU and law enforcement:

The FIU has been granted the power to issue the following orders:

Powers	Federal Law 2018	Federal Law 2025
Seizure Order	Not specified	Up to 10 working days without prior notice
Fund Freezing Order	7 days	30 days (extendable)
Issuing Authority	Governor of Central Bank	Chief of Unit (FIU)

9. Administrative Penalties and Enforcement:

Under the 2025 Decree Law, Supervisory Authorities may impose a range of administrative penalties on Financial Institutions, DNFBPs, VASPs, and Non-Profit Organizations for violations of the law, its Executive Regulations, or related decisions. These penalties include:

Penalty Type	Details
Warning	Issued for minor violations
Administrative Fine	AED 10,000 – AED 5,000,000 per violation
Sector Prohibition	Prevent violator from operating in relevant sector
Restriction/Suspension of Personnel	Board members, executives, or owners; temporary supervisor may be appointed
Suspension/Restriction of Activities	Limited or halted business operations
License Revocation	Permanent closure of entity
Additional Measures	Reporting requirements, incremental fines for repeat breaches, public disclosure

10. Penalty for Mismanagement and Non-Compliance under Federal Decree:

Below are the updated fines & penalties under the new law.

Note: The bold text represents new penalties introduced by Federal Decree.

Offense	Federal Law No. 10 of 2025
Money Laundering (Standard)	Imprisonment 1–10 years and Fine: AED 100,000 – 5,000,000 or value of criminal property, whichever is greater.
Money Laundering (Aggravated)	Temporary imprisonment and Fine: AED 1,000,000 – 10,000,000 or twice the value of criminal property, whichever is greater in aggravated cases.
Terrorism Financing	Life or temporary imprisonment and fine AED 1,000,000 – 10,000,000 or twice the value of criminal property, whichever is greater.
Proliferation Financing	Temporary imprisonment and fine AED 1,000,000- 10,000,000 or twice value of criminal property, whichever is greater

Offense	Federal Law No. 10 of 2025
Legal Persons (Corporate Offences)	Fine AED 5,000,000 – 100,000,000 or value of criminal property, whichever is greater; dissolution/closure possible.
Legal Persons (Other Offences)	Fine AED 200,000 – 10,000,000
Tipping-off / False Info	Imprisonment and minimum fine AED 50,000
Failure to report Suspicious Transactions	Imprisonment and fine AED 100,000-1,000,000
Anonymous Virtual Assets	Promoting /dealing in totally anonymous virtual assets: minimum 3 months imprisonment and AED 50,000 fine (or either).
Administrative Fines (Regulatory)	Administrative fines of AED 10,000 - AED 5,000,000 per violation, with expanded authorities and additional enforcement tools (please refer to Administrative Penalties and Enforcement under the 2025 AML Law)
Others (any person)	Imprisonment and Fine AED 200,000 10,000,000.