

An Insight into the Newly-formed Dubai Economic Security Centre

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Introduction

The United Arab Emirates (“UAE”) has remained steadfast in its efforts to curb financial crime including bribery and corruption. This includes implementing relevant safeguards by means of laws to deter and prevent such crimes, upholding those safeguards by means of close monitoring and international cooperation.

One recent initiative came to light in Dubai on 18 April 2016, when His Highness Sheikh Mohammed Bin Rashid Al Maktoum, in his capacity as the Ruler of Dubai, issued Law No. 4 of 2016 entitled the Dubai Economic Security Centre Law (“the Law”).

The Law aims, among other things, to protect the economic security of Dubai as a global financial and economic hub, by creating the Dubai Economic Security Centre (“the Centre”) as an establishment to assess and raise awareness of risks and to introduce new measures to protect the financial stability and investments in Dubai from crimes that may harm the economy.

In other words, the Law is intended to assist in the recognition and reduction of financial risks and the combat against financial crimes in Dubai, in order to provide investors with an attractive economic environment.

Wide competences and powers

The Centre is a government body with jurisdiction over the following entities:

- Local government agencies.
- Agencies that are guaranteed a minimum profit by the Government of Dubai.
- Agencies that are subsidised by the Government of Dubai.
- Establishments licensed to practice an economic activity in Dubai.
- Charitable Associations.
- Any other agency falling under a resolution issued by the Chairman of the Executive Council of Dubai.

The Centre’s competences are contained in an extensive but non-exhaustive list and include:

- Combating corruption, fraud, bribery, embezzlement, destruction of public property, forgery, counterfeiting, money laundering, terrorism or illegal organisations financing, and other crimes that may be committed in entities that are under the jurisdiction of the Centre.
- Monitoring abuses and financial irregularities committed in Dubai.
- Supervising the trading of currencies, commodities, precious metals and securities (listed and unlisted).
- Developing rules and procedures to prevent interactions with individuals or organisations involved in

- terrorism or with any individual having any connection to such organisations.
- Proposing and auditing legislation to regulate financial and economic affairs in Dubai.
 - Preparing and publishing periodical reports and statistics on the financial and economic position of Dubai.
 - Following up on cases that the Centre is concerned with, including transnational crimes in coordination with the judicial authority.
 - Holding and participating in conferences and seminars, cooperating with relevant regional and international organisations to exchange experience, knowledge and information about economic security.

The Centre has been granted wide powers to enable it to carry out its functions. These include:

- Requesting the Public Prosecution to seize funds, property, documents, papers and any other things related to acts detected by the Centre's staff.
- Coordinating with the relevant international institutions to gain access to information and data related to investigations being conducted by the Centre.
- Suspending trading in the stock market, freezing, suspending or reactivating any regulations or rules related to the financial market or any operation thereof.
- Requesting the details of bank accounts, balances and activity of any natural or legal person, in coordination with the relevant bodies, who shall fully cooperate with the Centre in this regard.

Protection of reporters and confidential information

The Law provides protection for those who report acts that may affect the economic security of Dubai, which may include:

- Protection at the reporter's home address.
- Keeping information relating to the identity and location of the reporter confidential.
- Protection at the reporter's workplace and ensuring that no discrimination or mistreatment takes place.

Further, Article 20 specifically requires that the Centre, its employees and all persons having any connection to the Centre are to keep confidential all information and data provided by entities that fall under the jurisdiction of the Centre. Disclosure of confidential information in violation of this requirement is punishable by imprisonment for a period of three months to one year and a fine of up to AED50,000.

When investigating potential violations of the Law, the employees of the Centre have the capacity of judicial officers. They are therefore entitled to solicit the assistance of the police and other relevant bodies whenever necessary in order to conduct their investigations.

Persons who report, to the Centre, activity that may affect the economic security of Dubai will be deemed not to be in violation of non-disclosure laws and agreements and no legal or disciplinary action will be permitted against the reporter, unless the report is false. Although no guidance has been issued in respect of the test for determining when a reporter should be prosecuted for a false report, the general requirement under the UAE criminal law that bad faith should be present for a crime to have been committed, would suggest that the report must be deliberately false, as opposed to negligent and based on an honest or reasonable belief.

Cooperation with the Centre

The Law requires that all concerned persons cooperate with the Centre, respond to its requests and do

nothing to hinder the Centre in the performance of its functions. In the event that any person subject to the Law refuses to cooperate, the CEO of the Centre, or any other competent employee, may resort to the judicial authorities in order to obtain the required information. According to Article 21 of the Law, a Resolution will be issued by the Chairman of the Executive Council of Dubai, setting out the administrative violations of the Law and the associated penalties.

Conclusion

Not only is the establishment of the Centre good for Dubai as a further step towards the prevention and detection of financial crimes, and the resulting economic stability, but it should also serve to increase investors' trust in Dubai's financial markets and thereby increase foreign investment in the Emirate.

At a global level, this initiative is also a very positive one in line with the joint efforts between the UAE and the Gulf Cooperation Countries and the international community, all working together to enhance regional stability.

The success of the Centre depends to a degree on the level of cooperation between the relevant governmental entities and financial institutions, which are required to provide timely support to the Centre so that it can achieve its research, reporting and investigative objectives. One of the major roles of the Centre is the proposal of legislative reforms. We will be keeping an eye out to see what further developments come out of this initiative in parallel with existing ones and will be reporting accordingly.