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UAE proposes new rules for Money Laundering

In order to strengthen the UAE's financial system and to be at par with the International Standards on combating money laundering and to prevent the financing of terrorism & proliferation, the Federal National Council's financial Committee is discussing the new improved draft rules ("Rules") on money laundering.

The Rules prescribe that the banks & financial institutions verify the identity of their clients, at all times and maintain the client related documents for a period of at least 5 years, and also to take note of any transaction not at par with the income of the client & report any transaction leading to illegal dealings, or money laundering or financing of terrorism. Further, the Rules state that all transactions of the client not concluding to any reasonable economic or clear legal objective should be monitored, including all the opened letters of credit. To save huge tax losses, Rules impose hefty amounts as penalty which includes:

- Anyone contravening the law may face up to ten years of prison, or a fine of Dh 500,000 or both. However, in case it is a business so contravening the law, it will have to bear the penalty of Dh300,000 , which may extend up to Dh1 million.
- Tipping regarding action taken to money laundering suspects would attract a jail term of up to one year or a fine of Dh100,000 or even both
- Staff of financial business, managers & board members who are at default in not reporting any terrorist financing transaction or any money laundering transaction will face a jail term of up to three years or a fine of up to Dh300,000 or even both.
- Any failure in not declaring any controlled substance or amounts to be determined by the authorities will attract a jail term or a fine or both.

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UAE brings new legislation to encourage SMEs

In order to diversify the economy and encourage creation of employment on a large scale, the UAE has drafted a new Federal Law No. 2 of 2014 to provide a better avenue for Small & Medium enterprises. This law would include incentives in the form of loans, contracts with state-owned companies, land grants for industrial & agricultural projects & exemptions on customs tax for raw material & equipment.

The Federal Law No. 2 will come into effect after three months of the cabinet approval. It requires the government agencies to contract atleast 10% of their needs with the SMEs & Associated firms. Additionally, those companies in which the state owns more than 25% stake will have to contract atleast 5% of their purchasing, service & consulting needs with such SMEs & Associated firms.

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The present SME's contribution to UAE's economy is more than 60% to the country's non-oil economy, which the Government, through the implementation of this new law, plans to increase & reach 70% by such a move.

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(NASDAQ Dubai) Oversubscribed IPO on NASDAQ leads to trading in Emirates REIT

Real Estate Investment Trust (REIT) began its first listing in GCC raising 175 Million Dollars, thereby 3.5 times oversubscribed. The indicative range was \$1.36-1.56 and the offer was priced at @1.36 per share which was subscribed by a broad base of institutional investors from Gulf, Britain & the UAE. Emirates REIT made a profit of \$34.8 million in 2013 on net revenue of \$46 million, according to the offer document.

REITs (Incorporated in Dubai International Financial Centre (DIFC)) are a type of Property fund in which investors receive dividend by way of income from the properties. Such a medium would now provide a new type of asset class in an efficient platform for Capital Raising. Such oversubscribed sentiment was a huge recovery for the Dubai's Real Estate & Equity market, over the past 18 months.

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Israel Stock Exchange launches TA Tech-Elite Index

To promote investment in public companies which are engaged in R&D, the Tel Aviv Stock Exchange (TASE) Launched the TA Tech Elite Index, of the leading Technology and Biomed companies. The companies are comprised with a free float of atleast 25%, coupled with a Market Capitalisation of atleast NIS 400 million. This new index is scheduled to be launched on 11th May, 2014 & is anticipated to become part of the new "Israeli High Tech" index.

As per law, the minimum requirement of market capitalisation for entry in the Fast Track category is NIS 200 Million & the weight cap of a single constituent is set at 10% but the number of constituents in the index is not limited.

Coupled with this the board is also expanding the TA-BlueTech-50 into the TA Blue Tech Index, which is a composite share price index. It is expected that seven more companies with a combined market capitalisation of NIS 950 million will join such index.

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Qatar & Gambia signs Double Taxation Avoidance Agreement

With a view to boost investments and employment across different sectors, the Republic of Gambia and the Gulf Emirate of Qatar had signed a Double Taxation Avoidance Agreement.

His Excellency Sheikh Professor Alhaji Dr Yahya Jammeh, who was accompanied by a high-powered delegation, also signed two important Memorandums of Understanding in the Energy & Tourism sector. After signing such agreement, it is hopeful that Labour Agreement would also fall in place.

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