

inBrief

**New Anti-Money Laundering Law – Federal Decree-Law 10 of 2025**

By Charles Laubach, Manaf Khreis and Anita Hajynia | 25 November 2025

Introduction

The United Arab Emirates (UAE) has enacted Federal Decree-Law 10 of 2025 Regarding Combating Money Laundering Crimes, Combating the Financing of Terrorism and the Financing of Arms Proliferation (the New AML Law), replacing the 2018 legislation and further strengthening the UAE's alignment with international financial crime standards. The framework introduces expanded definitions, new and updated offences, enhanced preventive obligations and broader supervisory and investigative powers. It also anticipates the risks associated with digital system misuse, virtual asset channels and the UAE's developing tax landscape, ensuring that the regulatory regime can respond effectively to emerging financial crime threats.

Expanded predicate crimes and updated core definitions

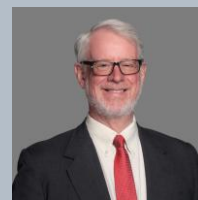
The reform begins with significantly broader and more precise definitions. The term "Predicate Crime" now expressly includes terrorist financing, proliferation financing, and both direct and indirect tax evasion, along with any felony or misdemeanour under UAE law, whether committed within or outside the UAE. This refinement ensures that a wider range of conduct, including tax-related offences, can give rise to "criminal property" and therefore fall within the anti-money laundering regime, an important development in the context of the UAE's corporate tax framework.

Core definitions have also been modernised. "Funds" now encompass digital and encrypted assets, and "Criminal Property" extends to instruments and assets used or intended to be used in terrorism or proliferation-related activity. The definition of "Money Laundering" explicitly captures conduct executed through digital systems, encrypted platforms and virtual asset channels, ensuring that the regime keeps pace with technological developments and the shifting methods by which illicit value is moved.

These refinements broaden the legal foundation of the framework and enhance regulators' ability to address a more diverse and technologically complex risk environment.

Express inclusion of proliferation financing

A significant expansion included proliferation financing, which is now treated as a distinct and fully articulated offence. The New AML Law defines "proliferation of arms" to include activities relating to the manufacture, acquisition, transfer or stockpiling of weapons of mass destruction and their delivery systems, and criminalises the provision or collection of funds in support of such activities.

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Importantly, knowledge may be inferred from factual and objective circumstances, enabling authorities to take action even where direct evidence of intent is limited, but surrounding indicators strongly suggest an illicit purpose.

By expressly incorporating proliferation financing and lowering the evidentiary threshold, the framework aligns more closely with global non-proliferation standards and strengthens the legal basis for enforcing targeted financial sanctions measures, thereby ensuring that businesses operating in the UAE maintain robust controls and remain vigilant to potential exposure to proliferation-related risks.

Digital systems and virtual asset coverage

Another area of significant development is the treatment of digital systems and virtual asset activity, reflecting the growing relevance of technology-driven financial channels. "Virtual Assets" and "Virtual Asset Service Providers" (VASPs) are now expressly defined, and money-laundering, terrorism financing and proliferation financing offences are recognised as capable of being carried out through digital systems, encryption technologies and virtual asset platforms.

In addition, the introduction of a specific offence targeting, anonymity enhancing virtual asset tools, those designed to obstruct the tracing of transactions or the identification of their parties, further strengthens the regime's capacity to address technologically enabled concealment.

Together, these provisions ensure that virtual asset activities are subject to the same standards of transparency and oversight applied to traditional financial services, positioning the regulatory framework to respond to emerging digital-asset risks with greater clarity.

Lower knowledge threshold and strengthened penalties

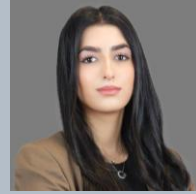
The framework also revises the knowledge standard applied to principal offences, lowering the threshold for establishing awareness of the illicit nature or purpose of funds. For money laundering, terrorism financing and proliferation financing conduct, knowledge may now be inferred from factual and objective circumstances, rather than requiring direct proof of subjective intent. This refinement enables enforcement where risk indicators are ignored or where conduct reflects wilful blindness to the nature of the funds, elevating expectations on both institutions and individuals.

Individuals face higher fines and potential imprisonment, while legal persons may be subject to penalties ranging from AED 5 million to AED 100 million or higher, where fines are linked to the value of the criminal property involved. Courts may also order the dissolution of an entity or the closure of premises in serious cases. Proceedings and penalties relating to these offences do not lapse with time, creating enduring exposure. These measures reinforce the need for proactive, risk-sensitive AML controls supported by effective governance.

Preventive measures and regulation of VASPs

Preventive obligations have been expanded and clarified, particularly with the inclusion of VASPs within the regulated perimeter. Financial institutions, Designated Non-Financial Businesses or Professions (DNFBPs) and VASPs must implement risk-based customer due diligence, verify beneficial ownership, maintain detailed records, implement targeted financial sanctions obligations, and report suspicious transactions to the Financial Intelligence Unit (FIU). Operating without an appropriate licence or registration constitutes an offence.

These obligations integrate virtual asset activity into the established compliance landscape and reinforce the expectation that all financial service channels, traditional or digital, apply equivalent standards of scrutiny and control.



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Strengthened FIU and investigative powers

The FIU's operational authority has been enhanced. It may suspend suspicious transactions for up to ten working days and freeze funds for 30 days without prior notice, with potential extension by the Public Prosecution. Competent authorities may access banking and systems data, impose travel bans, monitor accounts and conduct controlled operations, enabling earlier detection and more coordinated intervention in cases of suspected financial crime.

These powers strengthen the investigative infrastructure supporting the AML framework and enable a more agile response to emerging risks.

International cooperation and asset recovery framework

The New AML Law also enhances the UAE's ability to cooperate internationally. UAE courts may recognise and enforce foreign provisional measures and confiscation orders without the need for a domestic investigation, and competent authorities are required to prioritise and respond promptly to mutual assistance requests. A forthcoming Cabinet decision will set out procedures for the management and disposal of seized, frozen and confiscated assets, ensuring that asset-recovery efforts are supported by clear operational guidelines.

These developments improve the efficiency of cross-border enforcement and reinforce the UAE's reputation as a cooperative and reliable jurisdiction in the global AML landscape.

Conclusion

Taken together, these reforms mark a decisive shift in the UAE's approach to financial-crime risk: expectations on institutions are higher, supervisory powers are broader, and the margin for error is smaller. Businesses operating in or from the UAE, whether in financial services, commercial sectors, professional services, or virtual asset activities, should take this moment to reassess the adequacy of their AML arrangements. In practice, this may require recalibrating risk assessments, strengthening customer due diligence frameworks, enhancing sanctions-screening capabilities and updating escalation protocols to reflect the expanded definitions, lowered knowledge threshold and increased penalties under the New AML Law.

Afridi & Angell regularly assists clients in navigating regulatory developments of this nature. Our team advises on the design and implementation of AML compliance frameworks, conducts gap analyses and risk assessments, prepares and updates internal policies and reporting procedures, and provides targeted training for management and frontline staff. We are well positioned to support organisations in aligning their operations with the New AML Law and ensuring they meet evolving regulatory expectations.■

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