

BROKERAGE THEMATIC REVIEW

Conduct Supervisory Pulse

Oversight of the Trading Environment: Personal Account Dealing

Key findings and good practice observed from
Q1 2026 deep-dive supervisory engagements

JUNE 2026

Introduction

Strengthening oversight in a growing brokerage sector

During Q1 2026, the Dubai Financial Services Authority's (DFSA) Conduct Supervision team carried out the first phase of its [Thematic Review on Brokerage – Oversight of the Trading Environment \(Review\)](#).

The Review forms part of a broader programme of deep-dive supervisory engagement sessions across 2026, with each phase focusing on one of three key priority areas relevant to brokerage firms¹ oversight of the trading environment:

- Personal Account Dealing (PAD);
- Best execution; and
- Communication channels and record keeping.

This DFSA Conduct Supervisory Pulse focuses on findings from the first phase of the Review, relating to PAD. PAD refers to transactions covered by the DFSA rules on Personal Account Transactions².

Defined terms are identified in this document by the capitalisation of the initial letter of a word or of each word in a phrase and, unless defined in this document, are defined in the Glossary Module (GLO) of the DFSA Rulebook.

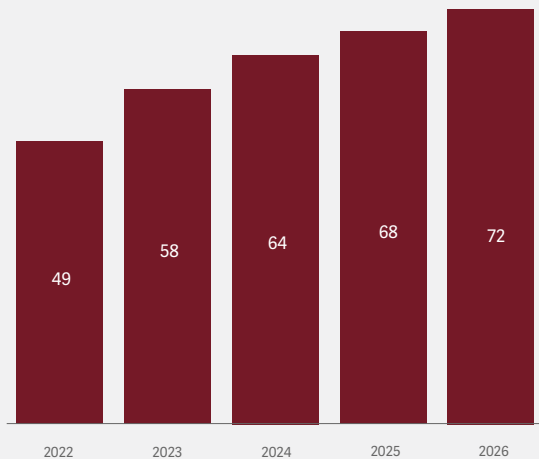
Continued growth across the DIFC brokerage sector

The Review was conducted against a backdrop of continued growth in the brokerage sector within Dubai International Financial Centre (DIFC). Since 2022, the number of authorised brokerage firms has increased steadily, with existing firms also expanding their dealing and arranging activities and growing their headcount.

1. Firms authorised by the DFSA to conduct one or more of the following Financial Services activities as defined in GEN rules 2.7-2.9: Arranging Deals in Investments; Dealing in Investments as Agent; Dealing in Investments as Principal (whether on a Matched Principal basis or own account/proprietary trading).

2. The DFSA's [Glossary Module \(GLO\)](#) defines a Personal Account Transaction as follows: "A transaction undertaken by an Employee of an Authorised Firm in an Investment or Crypto Token, other than: (a) a transaction in a government and public Security; (b) a transaction in a life policy; or (c) a discretionary transaction if there is no prior communication with the Employee and the discretion is not exercised by the Authorised Firm."

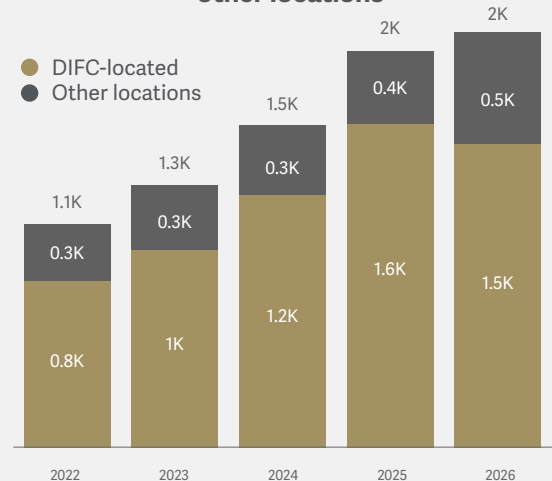
Number of authorised brokerage firms in DIFC



As at 31 Dec (2026 YTD as at 31 March 2026)

The number of authorised brokerage firms increased from 49 in 2022 to 72 in March 2026 (up 68%), reflecting sustained interest, opportunities, and expansion within the sector in DIFC.

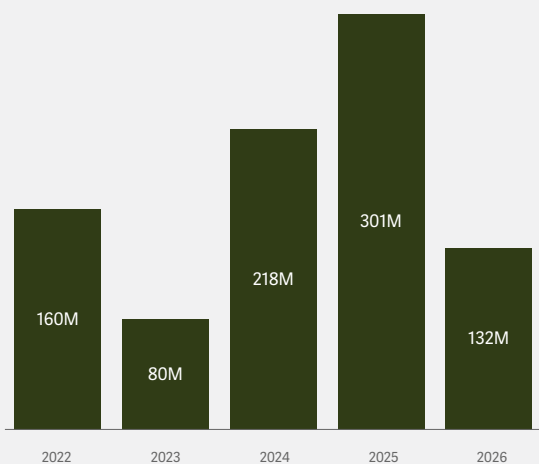
Headcount across DIFC and other locations



As at 31 Dec (2026 YTD as at 31 March 2026)

DIFC-located headcount of brokerage firms nearly doubled between 2022 and March 2026, reflecting the expanding operational scale of trading activities within the Centre.

Net profit of authorised brokerage firms



As at 31 Dec (2026 YTD as at 31 March 2026)

Brokerage firms' combined profitability in DIFC increased significantly from USD 80 million in 2023 to USD 301 million in 2025 (+276%), reflecting continued growth in trading activity and expansion across the sector.

The sector has also seen profitability strengthen as transaction volumes and values across dealing and arranging activities have increased.

The scale and pace of growth observed across the sector reflects DIFC's continued development and attractiveness as a global financial centre. It also reinforces the importance for firms to ensure that their governance, systems, and controls remain appropriate, effective, and scalable, in line with the nature, scale, and complexity of their business activities.



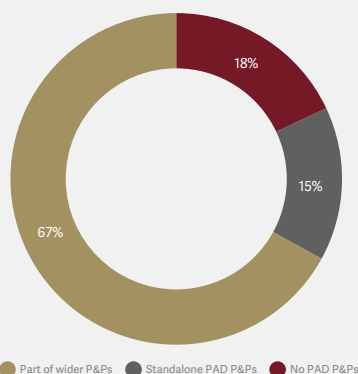
Continued focus on conduct risk and market integrity

This Review follows the DFSA's recent [Thematic Review on Conflicts of Interest](#) and continued supervisory focus on maintaining market integrity, protecting clients' interests, and reinforcing confidence in DIFC. As part of the Conflicts of Interest

Thematic Review, we conducted an industry-wide survey across all authorised firms, which identified several key trends relating to PAD arrangements and oversight.

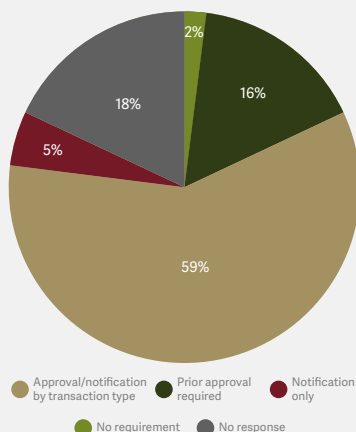
Industry snapshot – key observations from the Conflicts of Interest Thematic Review:

Documented PAD Policies and Procedures (P&Ps)



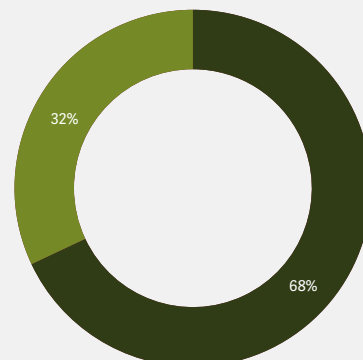
● Part of wider P&Ps ● Standalone PAD P&Ps ● No PAD P&Ps

PAD approval and notification arrangements



● Approval/notification by transaction type ● Prior approval required ● Notification only ● No requirement ● No response

Maintenance of PAD register



● PAD register maintained ● No PAD register maintained

18%

of firms did not have documented PAD policies and procedures

59%

of firms indicated that approval or notification requirements applied (depending on type of transaction)

32%

of firms did not maintain a PAD register in either manual or electronic form

The survey identified significant divergence in firms' approaches to PAD which may reflect variations in business models and risk profiles. Firms should ensure that their PAD frameworks remain proportionate to their activities, products, and Employees' roles, including access to confidential or market-sensitive information.

Effective oversight of the trading environment in brokerage firms is critical for protecting investors and maintaining market integrity. A well-regulated trading environment supports confidence and participation from both retail and professional investors, enhancing liquidity and efficiency. Effective monitoring of trading also helps to detect and prevent market manipulation and practices that distort prices or create artificial volatility. Brokerage firms should have appropriate systems and controls in place to identify and address any weaknesses in the surveillance, monitoring, and governance of trading activities including those of

Employees. This is particularly important given the growth we are seeing in the sector, both in terms of new entrants and existing firms expanding their footprint.

Our recent supervisory and enforcement activities have identified an increasing number of cases of market abuse systems and controls failings, as well as cases that have raised concerns in key areas such as PAD and communication channels, and record keeping. This has included instances where we have identified discrepancies between firms' PAD reporting of Personal Account Transactions and independent enquiries conducted by the DFSA for a number of the relevant firms' Employees.

The first topic covered as part of the Review was PAD and, specifically, the adequacy and effectiveness of firms' arrangements for identifying, managing, and mitigating risks arising from Employees' personal trading activities.

Personal Account Dealing

PAD involves situations where Employees of an authorised firm trade (e.g. buy or sell investments) on their own account. While PAD is permissible in certain circumstances, it should be tightly controlled and monitored in line with applicable rules and the firm's internal policies and procedures (P&Ps) established in compliance with those rules.

Effective PAD controls are an important component of a firm's broader trading oversight and market conduct risk arrangements. Brokerage firms' Employees are likely to have information about client orders, trading activity, research, and market-sensitive or confidential information, which could create conflicts of interest and be misused for unfair trading advantages or market abuse.

Why effective PAD controls matter

Poorly designed or ineffective PAD controls are a sign of weak culture, governance, and oversight and may expose firms to:

- conflicts of Interest;
- facilitating the misuse of confidential information; and
- facilitating market abuse.

This may have significant reputational and regulatory consequences for the firm.

As set out in [Rule 6.2.1 of the Conduct of Business Module \(COB\)](#) of the DFSA Rulebook, the DFSA requires firms to establish and maintain adequate P&Ps relating to PAD in order to, among other things, mitigate the risks arising from such trading. This includes compliance with Suspicious Transaction and Order Report (STOR) obligations where suspicious activity or potential market abuse indicators are identified³. The DFSA's requirements relating to PAD, including record keeping, are set out in [COB 6.2 – Personal Account Transactions](#).

Scope of this Pulse

This DFSA Conduct Supervisory Pulse sets out the key findings from the first phase of the Review, highlighting examples of positive indicators and indicators requiring enhancement observed across six key areas of firms' PAD control frameworks:

- 1) Policies and procedures;
- 2) Governance, management information, and oversight;
- 3) Monitoring and surveillance;
- 4) Compliance oversight and assurance;
- 5) Training and awareness; and
- 6) Record keeping.

Overall observations from the Review

The Review identified examples of good practice across the brokerage sector, indicating that PAD risks were properly understood by firms and subject to proactive monitoring and oversight. These examples included:

- Comprehensive and tailored PAD P&Ps;
- Centralised pre-trade approval processes;
- Periodic compliance monitoring;
- Clear escalation and management of breaches; and
- Use of management information to aid senior management/Board oversight.

The Review also identified a number of areas where firms should strengthen their PAD arrangements, including:

- PAD policies that were narrow in scope or not sufficiently aligned to the firm's business model and associated risks;
- Over-reliance on Employee attestations without sufficient independent verification;
- Limited post-trade monitoring; and
- Poor record-keeping practices.

While the Review focused on the brokerage sector, the findings will also be relevant to other firms in the context of their own business activities. The DFSA encourages all firms to consider these findings and take appropriate steps to enhance their PAD systems and controls where required.

3. [General Module \(GEN\) 11.10.12A](#) of the DFSA Rulebook sets out the relevant requirements relating to Suspected Market Abuse.

Key findings from the Review

The Review identified examples of both effective practices and areas of improvement where firms should strengthen their arrangements. The observations below are intended to help firms assess their own PAD frameworks and consider whether enhancements may be required, taking into account the nature, scale, and complexity of their business activities.

1. Policies and procedures:

Policies and procedures (P&Ps) form the foundation of an effective PAD framework. They should clearly articulate the firm's expectations, establish appropriate controls, and reflect the nature, scale, and complexity of the firm's business activities. The Review identified examples of firms that had applied a risk-based, proportionate approach rather than a "one size fits all" PAD framework, and embedded PAD requirements into their broader conduct and compliance frameworks. Conversely, we identified instances where P&Ps were unduly narrow or contained gaps and had clearly not kept pace with business growth or the firm's evolving risk profile.

Examples of positive indicators observed

Scope and coverage:

- P&Ps clearly set out Employees' PAD obligations, including:
 - disclosure and approval requirements;
 - trading and holding periods; and
 - consequences of non-compliance, including disciplinary action.
- P&Ps clearly set out which Employees, connected persons, and financial instruments (including digital assets where appropriate) were subject to PAD obligations.
- P&Ps also apply to non-Employees who provide services to the firm and have access to internal systems and/or premises.
- PAD obligations are tailored to different job functions rather than applied as blanket requirements across all Employees.
- Specific PAD oversight arrangements apply for Compliance and Senior Executive Officers (SEOs).
- P&Ps contain additional restrictions for specific job functions where appropriate, such as Employees involved in research.

Examples of indicators requiring enhancement

Scope and coverage:

- P&Ps contain a narrow definition of PAD and apply limited disclosure or approval requirements; for example, confined to transactions when Employees are aware of a potential conflict.
- P&Ps are not appropriately tailored to the firm's business, products, activities, or the risks it is exposed to.
- P&Ps do not clearly define Employees' PAD obligations, including application to connected persons or investment research.
- There are carve-outs in PAD requirements for certain Employees without clear rationale.

Pre-clearance and trading restrictions:

- P&Ps do not adequately address key requirements, such as trading and holding periods or consequences of non-compliance consequences, including disciplinary action.
- Some P&Ps permit retrospective approval for PAD where trades have already been executed or automatic approvals after specified periods, with indications of delays in providing approvals in response to PAD requests.
- "Restricted Lists" and "Watch Lists" are specifically referenced in P&Ps but not maintained in practice.

Examples of positive indicators observed

Employee onboarding and declarations:

- New joiners receive targeted communications about the firm's PAD policy, including a high-level summary and relevant contact points.
- Employees are required to disclose personal transactions upon joining, notify any changes, and certify the accuracy and completeness of their declarations on an annual basis.

Pre-clearance and trading restrictions:

- The firm operates a detailed pre-clearance process, with clear information on who should submit the pre-trade approval, how the approval is obtained, and validity of the approval. In some cases, these processes are supported through a digital platform, with automated workflows and audit trails.
- Some firms maintain "Restricted Lists" and "Watch Lists" with limitations on Employees' PAD.
- Blackout periods are communicated through emails and lists available on the intranet and supported by appropriate controls to prevent trading activity.

Governance and ongoing review:

- P&Ps are subject to appropriate approval and annual review, with updates on an ongoing basis to reflect ad hoc changes.
- Local compliance teams are involved in the drafting and/or review of sections of Group's P&Ps that are relevant to the DIFC entity, to help ensure alignment with DFSA requirements.

Operation in practice:

- The firm could demonstrate that P&Ps are operating effectively in practice, through evidence of PAD requests, approvals, rejections, and compliance with trade pre-clearance requirements in all cases (i.e. no exceptions).
- PAD breaches are notified and escalated to line management, compliance, and HR. Consequences include additional training, verbal and/or written warning, compensation impact, or termination, where appropriate.

Examples of indicators requiring enhancement

Governance and ongoing review:

- P&Ps are not regularly reviewed or updated, and therefore no longer fit for purpose – despite changes in the firm's business activities, size, or the risks it is exposed to.

Operation in practice:

- The firm was unable to demonstrate that its P&Ps are adequate, including that they operate effectively in practice. For example, an absence of disclosed PAD transactions may indicate that Employees are not properly reporting their Personal Account Transactions rather than a lack of activity.



Examples of positive indicators observed

- Some firms operate a strict approach to non-compliance – e.g. issuing violation notices, termination, or reserving right to compel reversal of any transactions that violate the PAD policy with cost/losses being borne by the concerned Employee.
- In some cases, the firm encourages a stronger compliance culture regarding Employees' personal investment decisions, by prohibiting speculative or short-term trading activity.

2. Governance, management information, and oversight

Effective governance is critical to ensuring that PAD risks are subject to appropriate oversight by senior management and Boards. Senior management and Boards should receive management information (MI) that is meaningful and enables them to identify emerging issues, understand compliance levels, and assess whether controls remain effective. The Review observed varying levels of governance maturity with respect to PAD across firms, particularly in relation to the quality and use of MI.

Examples of positive indicators observed

Governance:

- Board and relevant Committees have oversight of PAD arrangements.
- Appropriate escalation channels are in place for PAD-related incidents, allowing breaches and issues to be reported and addressed promptly.

MI:

- MI on PAD is periodically reported to senior management and relevant Committees, including reporting on:
 - The number of PAD requests; and
 - The volume and nature of breaches of PAD policy, such as markets/products exposure, risk/severity rating, etc.

Examples of indicators requiring enhancement

MI:

- Some firms have limited oversight and reporting of MI on PAD. For example, only reporting on whether Employees have signed the PAD declaration and not giving senior management and the Board sight of any wider PAD-related risks or issues.

3. Monitoring and surveillance:

Monitoring and surveillance arrangements play an important role in detecting potential breaches, conflicts of interest, and market conduct risks arising from personal trading activity. Effective frameworks combine pre-trade clearance and controls with ongoing post-trade monitoring and independent verification. The Review identified examples of proactive and technology-enabled monitoring, as well as instances where firms overly relied on Employee attestations without any or sufficient supporting evidence.

Examples of positive indicators observed

Independent verification:

- Employee declarations and attestations are supported by independent evidence, such as trade confirmations and account statements.
- The firm uses a list of approved brokers that give them access to automated transaction feeds for Personal Account Transactions.

Pre-trade controls:

- PAD requests are automatically screened against "Restricted Lists" and "Watch Lists" prior to being relayed to line management for approval.
- Automated processes are in place to identify any policy breaches, including any violations of pre-clearance or holding period requirements.

Post-trade monitoring and surveillance:

- Account statements are reviewed against pre-clearance records to identify policy breaches.
- Employees transactions are cross-checked against client activity and market events.
- The firm has established Group monitoring and surveillance of Employees' phone calls and electronic communications, with specific lexicon for detecting any unauthorised PAD.

Escalation and remediation:

- Any issues picked up by Group monitoring and surveillance are escalated to local compliance, as appropriate.
- The firm can evidence policy breaches being identified and taking follow-up actions as appropriate.

Examples of indicators requiring enhancement

Independent verification:

- Monitoring arrangements rely primarily on Employee declarations and attestations without independent verification, e.g. no supporting evidence was required.
- The firm has not implemented controls to detect undeclared accounts.

Pre-trade controls:

- The firm has not implemented PAD trade monitoring.

Post-trade monitoring and surveillance:

- Post-trade monitoring is not undertaken.
- PAD monitoring does not form part of the firm's broader market surveillance arrangements.
- The firm does not cross-check Employees' transactions with client activity or market events, limiting its ability to detect potential market misconduct.
- Monitoring is conducted too infrequently (i.e. annually) to allow for proactive or timely identification of PAD risks or issues.

Escalation and remediation:

- The firm does not take appropriate action despite policy breaches being identified, such as instances where transactions are completed before seeking compliance approval.

4. Compliance oversight and monitoring:

Compliance functions play a key role in providing robust oversight and monitoring of PAD arrangements and associated risks. This includes monitoring adherence to P&Ps, testing the effectiveness of controls, identifying and investigating potential breaches, and escalating issues where appropriate. The Review found that while some firms had incorporated PAD into their broader compliance frameworks and could evidence the output of periodic testing, others adopted a more limited approach to oversight and monitoring in this area.

Examples of positive indicators observed

Compliance oversight:

- Compliance functions conduct robust monitoring and escalate PAD-related breaches and issues promptly.
- PAD controls form part of the firm's local Compliance Monitoring Programmes (CMPs), with periodic testing and evidence of outputs.
- The firm's Group and local compliance functions work collaboratively to ensure an appropriate level of oversight and monitoring on PAD. For example, the firm at the Group level reviews annually a sample of Employees' bank accounts to identify any undeclared accounts.

Internal audit:

- The firm's internal audit covers conflicts of interest and testing of PAD controls.

Examples of indicators requiring enhancement

Compliance oversight:

- Compliance monitoring and testing on PAD is limited in scope of frequency, e.g. the scope only checks whether the Employee signed a declaration.
- PAD controls are not included for monitoring and testing within the firm's CMP.
- The firm does not maintain a local CMP that included PAD oversight.
- Lack of compliance oversight of PAD, with approvals only provided by line management and reliant on escalation.

Internal audit:

- The firm's PAD arrangements are not subject to internal audit review.



5. Training and awareness:

Training and awareness are important components of an effective PAD framework. Employees should understand not only the firm's P&Ps, but also the market conduct risks that personal trading may create. The Review found that firms with stronger PAD frameworks typically complemented P&Ps with regular training and testing, and targeted communications to aid Employees' understanding.

Examples of positive indicators observed

Training framework:

- Training materials are comprehensive and tailored to DFSA's requirements.
- Training is provided to new joiners as part of their induction and then on an ongoing basis with annual refreshers.
- Training on PAD is also provided to non-Employees who provide services to the firm and have access to internal systems and/or premises.

Awareness and engagement:

- Compliance alerts and updates are sent to Employees to raise awareness of expectations on PAD and associated risks.
- Training completion rates are monitored (e.g. recorded on Employees' training records) and non-completion is escalated as appropriate.
- Training is tested and assessed in order to measure its effectiveness.
- Employee interviews demonstrate a good understanding of the firm's PAD framework.

Examples of indicators requiring enhancement

Training framework:

- No formal PAD training is provided, with the firm relying solely on Employee attestations that the PAD section of the firms' compliance manual has been read and understood.
- Training materials only contained high-level references to PAD, failing to adequately raise awareness on the firm's PAD-related P&Ps and/or risks.
- The training content is not aligned with the firm's PAD P&Ps.

Awareness and engagement:

- Training is not tested and assessed in order to measure its effectiveness.



6. Record keeping:

Accurate and complete record keeping supports oversight, monitoring, and regulatory compliance. Records provide evidence that PAD requests, approvals, monitoring activities, and breaches have been appropriately managed and can be made available when required. The Review identified examples of firms maintaining comprehensive electronic records, while other firms demonstrated weaknesses in the completeness and quality of their record-keeping arrangements.

Examples of positive indicators observed

PAD records:

- PAD records are maintained for at least six years, in accordance with DFSA record-keeping requirements.
- The firm maintains a complete and up-to-date PAD register covering attestations, pre-clearance approvals, confirmed trades, breaches, etc.
- Electronic systems are used for record keeping, allowing for effective tracking of cases and monitoring.

Evidence of oversight:

- Records of compliance testing undertaken on PAD, with outputs available on request.

Examples of indicators requiring enhancement

PAD records:

- PAD records are incomplete, inaccurate, or poorly maintained. For example, in one instance, a firm recorded no breaches of its PAD policy when this was not the case.
- The firm does not maintain a PAD register, either manually or electronically.

Evidence of oversight:

- Absence of, or insufficient records of compliance testing undertaken on PAD, and/or the outputs of such testing.

Common themes emerging from the Review

Across the firms reviewed, the strongest PAD frameworks combined clear risk-based P&Ps, effective pre-trade clearance and controls, proactive compliance function oversight, ongoing monitoring of Employee trading activity, and reporting to senior management and Boards. Areas requiring further attention commonly included over-reliance on Employee declarations, limited post-trade monitoring, and weaknesses in record keeping.

These observations highlight the importance of ensuring that PAD frameworks evolve alongside business growth, changes in product offerings, staffing, and the increasing complexity of trading environments.

Key considerations for firms

Firms should consider the following in the design, implementation, and ongoing monitoring of their PAD frameworks:

Culture and governance:

How does the firm create a culture of compliance in relation to PAD? Are senior management and compliance functions subject to the same standards? Is regular management information provided to senior management and the Board?

Risk assessment:

Where could PAD create a conflict of interest within the firm or market abuse, in regard to its business model? Which products/asset classes are considered higher risk? Which Employee roles (front office/compliance) present elevated conduct risks?

PAD controls (pre-trade):

What processes are in place to assess and approve PAD requests? Is the firm overly reliant on Employee declarations? Do the firm's internal P&Ps require pre-trade clearance in line with [COB Rule 6.2.1\(a\)\(ii\)](#)? Does the firm receive "prompt notification" (or is otherwise aware) of each Employee's Personal Account Transactions?

Monitoring and oversight:

What does effective monitoring of PAD look like taking into account the firm's business model, its product offerings, and Employees' access to markets? What level of post-trade monitoring is conducted on PAD? Is PAD part of the firm's Compliance Monitoring Programme and/or subject to internal audit review?

Breach management:

Are breaches of PAD policies appropriately escalated, investigated, and disciplinary action taken (as appropriate)? Does the firm consider reporting these breaches to the DFSA in line with Principle 10?

Training and awareness:

How does the firm ensure that its Employees understand its policy and their PAD obligations?

Record keeping:

Does the firm maintain a sufficient audit trail of transactions and decisions in relation to PAD? Can the firm demonstrate that PAD is being tightly controlled and monitored in line with applicable rules and the firm's internal P&Ps?

Next steps for all firms

The DFSA expects firms to establish and maintain appropriate policies, procedures, systems, and controls in place to identify and manage the risks associated with PAD and ensure that their Employees uphold appropriate standards of market conduct.

Failure to adequately assess the conduct risks that PAD may present, or failure to have adequate policies, procedures, systems, and controls in place, may expose firms and their Employees to regulatory action.

We expect all firms to consider the key themes, observations, and examples of good practice outlined in this Pulse in the context of their own activities, obligations, and approach to PAD.

In future engagements with the DFSA, firms may be asked to demonstrate how they have considered these findings and whether enhancements to their systems and controls have been implemented, where appropriate.

This topic is particularly relevant given the continued growth of brokerage activity in DIFC, including both new entrants and existing firms expanding their business footprint.

As the sector continues to grow and evolve, firms should ensure that their PAD frameworks remain proportionate to the nature, scale, and complexity of their business model, products, Employee roles, and risk profile.

The DFSA will continue engaging with brokerage firms throughout 2026 as the Review progresses. The remaining phases of the Review will focus on:

- Best execution; and
- Communication channels and record keeping.

Findings will be shared through additional Pulse editions, supervisory engagements, and outreach activities.



About the DFSA

The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in or from the Dubai International Financial Centre (DIFC), a purpose-built financial free zone in Dubai, UAE. The DFSA regulates and supervises financial services firms and markets in the DIFC. These include asset managers, banks, custody and trust services, commodities futures traders, fund managers, insurers and reinsurers, traders of securities, and fintech firms.

The DFSA supervises exchanges and trading platforms for both conduct and prudential purposes, overseeing an international securities exchange (Nasdaq Dubai) and an international commodities derivatives exchange (Gulf Mercantile Exchange).

The DFSA is also responsible for supervising and enforcing anti-money laundering and countering the financing of terrorism requirements applicable in the DIFC.



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