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## DECISION NOTICE

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**To:** Ed Broking (MENA) Limited (**Ed Broking** or the **Firm**)

**Address:** Unit 211 - 212, Level 2  
Gate Village Building 04  
PO Box 506857  
DIFC  
Dubai, UAE

**Date:** 22 January 2026

### ACTION

1. For the reasons set out in this Decision Notice (**Notice**), and pursuant to Article 90(2)(a) of the Regulatory Law 2004, the Dubai Financial Services Authority (**DFSA**) has decided to impose on Ed Broking a fine of USD455,176, comprising disgorgement of USD175,343 (USD148,039 plus interest of USD27,304) and a penalty of USD279,833 (the **Fine**).
2. Ed Broking agreed to settle this matter. The DFSA has therefore decided to reduce the penalty by a settlement discount of 30%. Were it not for the settlement discount, the DFSA would have imposed a fine of USD575,104 on Ed Broking.
3. This Notice is addressed to Ed Broking alone. Nothing in this Notice constitutes a determination that any person other than Ed Broking has breached any legal or regulatory rule, and the opinions expressed in this Notice are without prejudice to the position of any third party, or of the DFSA in relation to any third party.

### DEFINITIONS

4. Defined terms are identified in this Notice by the capitalisation of the initial letter of a word or of each word in a phrase, and are defined either in this Notice or in the DFSA

Rulebook, Glossary Module. Some of the defined terms are also set out in Annex B. Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

## EXECUTIVE SUMMARY

5. The DFSA finds that, between 6 February 2020 and 23 March 2023 (the **Relevant Period**), Ed Broking:

5.1. engaged in conduct whereby:

5.1.1. cedant insurers (the **Clients**) and reinsurers were respectively provided with two different premiums in respect of the same placement; and

5.1.2. reinsurers were misled as to the deductions applied on the premium to be paid by the Clients, and the brokerage commission earned by the Firm;

5.2. adopted a practice of not disclosing brokerage commission to its Clients, which facilitated the conduct in paragraph 5.1.1 above; and

5.3. failed to adhere to its own documented "Rules and Procedures" (the **Rules and Procedures**) which require:

5.3.1. a maximum brokerage commission (**Brokerage**) of 20%;

5.3.2. approval from two directors when Brokerage was above 20%;

5.3.3. a "*mini audit*" of placement files submitted by brokers, which included premium calculations, reinsurance slips and communications between the broker and the insurers and reinsurers;

5.3.4. having the Firm's processing team (the **Processing Team**) send the "Evidence of Cover" (**EOC**) directly to the Clients; and

5.3.5. ensuring that the EOC included copies of any information or schedules stated as being attached.

6. In doing so, Ed Broking:

6.1. contravened Article 41B of the Regulatory Law 2004 by engaging in conduct which was misleading and deceptive, or likely to mislead or deceive;

6.2. failed to have adequate systems and controls to ensure, as far as is reasonably practical, that it complies with legislation applicable in the DIFC, contrary to

Principle 3 (Management, systems and controls) for Authorised Firms as set out in the General Module of the DFSA Rulebook (**GEN**) Rule 4.2.3; and

- 6.3. when communicating information in relation to Insurance Intermediation or Insurance Management to a Person, failed to take reasonable steps to ensure that the communication is clear, fair and not misleading, contrary to the Conduct of Business Module of the DFSA Rulebook (**COB**) Rule 7.3.1 (1).
7. In addition, the conduct giving rise to the contraventions set out in paragraph 6 also demonstrates that Ed Broking failed to act with due skill, care and diligence, contrary to Principle 2 (Due skill, care and diligence) for Authorised Firms in GEN Rule 4.2.2.

## **FACTS AND MATTERS RELIED UPON**

### **Background.**

#### *The Firm*

8. On 13 May 2014, the DFSA authorised Ed Broking<sup>1</sup> to carry on the following financial services:
  - 8.1. Insurance Intermediation; and
  - 8.2. Insurance Management.
9. As a reinsurance broker, the Firm earned a Brokerage on each placement it made for the Clients with reinsurers. The Brokerage was negotiated with, and agreed to by, each reinsurer. However, it was deducted by the Firm from the premium received from the Client.

#### *Premium and deductions*

10. The following could properly be deducted from the premium paid by the Client<sup>2</sup>:
  - 10.1. a ceding discount to the Client on the placement, as agreed between the Firm and the Client;
  - 10.2. a "No Claim Bonus" (**NCB**) or a "Renewal Incentive Bonus" (**RIB**) to the Client, agreed by the reinsurer; and
  - 10.3. the reinsurance tax payable by the Client in its jurisdiction, which could be passed on to the reinsurer (the **Tax**).
11. The premium referred to above was net or gross as follows:

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<sup>1</sup> Formerly, Cooper Gay (MENA) Limited.

<sup>2</sup> Calculated as a percentage of the premium.

11.1. gross premium: in this case, the premium paid by the Client to the reinsurer included the Brokerage and some or all of the deductions in paragraph 10 above, as applicable. For example, a gross premium of USD100,000 with a 10% ceding discount, a 5.8% Tax, and a 5% Brokerage meant that the:

11.1.1. Client paid the Firm USD84,200 (i.e. USD100,000 minus 15.8% ceding discount and Tax);

11.1.2. Firm retained USD5,000 as Brokerage; and

11.1.3. Firm paid USD79,200 to the reinsurer; and

11.2. net premium: in this case, the premium paid by the Client to the reinsurer included only the Brokerage. For example, a net premium of USD100,000 with a Brokerage of 5% meant that the:

11.2.1. Client paid the Firm USD100,000;

11.2.2. Firm retained USD5,000 as the Brokerage; and

11.2.3. Firm paid USD95,000 to the reinsurer.

#### *The Team*

12. From 7 August 2014 until 30 May 2023, [REDACTED] was employed as a reinsurance broker by the Firm. At the Firm, [REDACTED] was "Divisional Director & Country Manager – MENA & Egypt" and, from 11 July 2022, "Managing Director – Reinsurance/MENA & Country Manager – MENA & Egypt", and he reported to the Firm's Senior Executive Officer. [REDACTED] was also the head of the Facultative Unit, and had one or two junior placement brokers reporting to him during the Relevant Period (the **Team**).

13. The Team's role and responsibilities included assisting Clients in placing risks with reinsurers.

14. On 24 April 2023, Ed Broking instructed an external party to conduct an investigation into suspicions of misconduct by [REDACTED] and the Firm's operations (the **Internal Investigation**).

#### **The placement process**

15. The Firm followed the process set out below when assisting a Client in placing a risk with a reinsurer:<sup>3</sup>

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<sup>3</sup> Where a risk was placed with more than one reinsurer, each reinsurer underwrote a share of the risk.

- 15.1. the Client instructed the Firm to place a certain risk (or a portion of it) with a reinsurer for a set premium on certain terms and conditions. On occasions, the Client did not set the premium and asked the Firm to obtain a quote from the reinsurance market;
- 15.2. the Firm contacted the reinsurer and provided the reinsurer "*with the **same terms and conditions we received from our clients***" [emphasis added];
- 15.3. if the reinsurer agreed to accept the risk (or part thereof), the reinsurer sent a confirmation to the Firm;
- 15.4. the Firm informed the Client of the confirmation by the reinsurer. If the Client agreed, the Client provided the "binding" confirmation in writing to the Firm. From this date, the reinsurer covered the risk that it had agreed to accept;
- 15.5. the Firm then prepared a draft reinsurance slip (the **Draft RI Slip**) and sent it to the reinsurer. The Draft RI Slip was sent to the reinsurer as a PDF document. The Draft RI Slip included:
  - 15.5.1. details of the risk, such as the type and location of the risk;
  - 15.5.2. the sum insured;
  - 15.5.3. the name of the Client;
  - 15.5.4. the period of reinsurance;
  - 15.5.5. the premium. On occasions, the Draft RI Slip did not include the premium and instead made reference to a premium worksheet attached at the end which set out the calculations for the premium (the **Premium Worksheet**). This was the case where the structure of the risk insured was such that the reinsurance cover included different risks with a different premium for each;
  - 15.5.6. a page with the share of the risk that had been accepted by the reinsurer, expressed as a percentage;
  - 15.5.7. a page setting out the Tax applicable to the placement, if any (the **Tax Page**); and
  - 15.5.8. a page setting out the deductions, which included the Brokerage (the **Deductions Page**). This was usually the last page of the Draft RI Slip if there was no Premium Worksheet;
- 15.6. the reinsurer signed and stamped each page of the Draft RI Slip (the **Stamped RI Slip**) and sent it back to the Firm;

- 15.7. the Firm submitted the Stamped RI Slip and other documents to the Processing Team;
- 15.8. the Processing Team booked the placement in the Firm's system and produced an EOC, a debit note addressed to the Client, and a premium closing advice addressed to the reinsurer. The EOC was a PDF document which included:
- 15.8.1. a cover letter addressed to the Client; and
- 15.8.2. a copy of the Stamped RI Slip referred to in paragraph 15.4 above. However, this copy **excluded** the Tax Page and the Deductions Page so as not to disclose the Brokerage to the Client;
- 15.9. the Processing Team sent the EOC and the debit note to the Team, and the Team sent both documents to the Client; and
- 15.10. the Client paid the premium<sup>4</sup> to the Firm, which retained the Brokerage and paid the remaining to the reinsurer.

*Quote*

16. As mentioned in paragraph 15.1 above, on occasions, the Client did not set the premium itself<sup>5</sup> but instead asked the Firm to obtain a quote from the reinsurance market.
17. Once the Firm had obtained a quote from the reinsurer, the Firm shared the quote with the Client.
18. If the Client agreed to the quote, the Client provided the binding confirmation.

**The Firm's Rules and Procedures**

19. Ed Broking's Rules and Procedures regarding placements provided that:
- 19.1. the maximum permitted Brokerage is 20% of the gross premium and "[a]ny retained earnings in excess of th[is] percentage must be agreed by two directors";
- 19.2. "[q]uotations or indications of support obtained from the market are to be presented to the client" and "[quotations] are to be checked and countersigned [...] before being sent". The purpose of the check was to ensure the accuracy of the quotation in a number of areas, including the premium;

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<sup>4</sup> The Premium Amount to be paid by the Client is calculated by applying the share that the reinsurer(s) agreed to underwrite to the Premium Amount set for 100% of the risk, minus any deductions.

<sup>5</sup> This was for example where a project was being tendered and the Client did not have enough technical expertise to price a specific risk.

- 19.3. the Processing Team was responsible for reviewing the broking file submitted by the broker as referred to in paragraph 15.7. The file included a form setting out the premium calculation (**Accounting Form**), and correspondence between with the Client and reinsurer(s). The review by the Processing Team was to ensure, among other things, that:
- 19.3.1. the correspondence was clear and unambiguous;
  - 19.3.2. the maximum Brokerage of 20% had not been exceeded; and
  - 19.3.3. if there were any discrepancies or queries, those were escalated and appropriate action was taken;
- 19.4. the Processing Team was also responsible for:
- 19.4.1. reviewing the Stamped RI Slips, including reviewing them against the broking file to determine if they stated clearly what was agreed regarding the payment of Tax;
  - 19.4.2. *"issuing the legal documentation to the client"* [emphasis added], including the EOC;
  - 19.4.3. ensuring that the EOC included copies of any information or schedules stated on the Signed Slip as being attached (such as the Premium Worksheet);
  - 19.4.4. producing a debit note based on the premium calculations set out in the Accounting Form; and
  - 19.4.5. sending the documentation (EOC and debit note) to the Client; and
- 19.5. the role of the Processing Team was *"not to simply churn out [Evidence of] Cover and Debit notes. They provide an internal check on every case by conducting a "mini audit" of the file" and "it is important that the team are adequately experienced and trained for this role."*

#### **The Altered Quotation (the Altered Quote)**

20. On 5 February 2020 at 19.28 hrs, a Client (**Client A**) sent an email to the Firm asking for assistance in reinsuring a risk. Client A's email contained a table setting out some details of the original insured and of the risk, including the period of cover, but it did not contain the premium. Client A asked the Firm for the premium *"to be less than USD 70,000"* and indicated the deadline to be on 9 February 2020.

21. On 5 February 2020 at 21.42 hrs, the Firm sent an email to a reinsurer (**Reinsurer A**) with the same table it had received from Client A and asked Reinsurer A to provide a quote by the next day.
22. On 6 February 2020 at 14.56 hrs, Reinsurer A sent an email to the Firm attaching a Microsoft Word document with the quote (the **Quote**). The Quote included the:
  - 22.1. period of cover of 22 months;
  - 22.2. premium of USD18,000; and
  - 22.3. Brokerage of 25% (i.e. USD4,500).
23. On 6 February 2020 at 16.10 hrs, the Team at the Firm. altered the Quote including by:
  - 23.1. removing all information about the identity of Reinsurer A;
  - 23.2. adding the name of Client A;
  - 23.3. changing the premium from USD18,000 to USD65,000 and adding the word "Net" in front of "Premium"; and
  - 23.4. deleting the row of the table which specified the Brokerage (the **Altered Quote**).The Quote was altered without the knowledge of Reinsurer A.
24. On 6 February 2020 at 16.10 hrs, the Firm sent an email to Client A attaching the Altered Quote as a PDF document and said:

*"Here you are our lead quote up to 100% supported by [Reinsurer A] as attached for your perusal."*

In the email, the Firm also referred to Reinsurer A's request to write 97% of the Risk and asked Client A to provide the binding confirmation.
25. On 6 February 2020 at 17.40 hrs, a member of the Team created a Microsoft Word version of a Draft RI Slip (**First Draft RI Slip**). The First Draft RI Slip:
  - 25.1. stated that the period of cover was from 1 September 2019 to 1 July 2021 (i.e. 22 months);
  - 25.2. stated that the premium was USD18,000 (page 4);
  - 25.3. did not specify the share of the risk (the relevant page was left blank); and
  - 25.4. stated that the Brokerage was 25%.
26. On 9 February 2020 at 14.21 hrs, Client A responded to the Firm's email specified in paragraph 24 above asking for a decrease in the premium from USD65,000 to USD45,000.

27. On 13 February 2020 at 11.28 hrs, the Firm sent an email to Reinsurer A attaching a PDF with the Draft RI Slip (the **Second Draft RI Slip**). The Second Draft RI Slip contained the same information as the First Draft RI Slip prepared by the Team as explained in paragraph 25 above, except that:
- 27.1. the premium on page 4 was removed, and instead a reference to a Premium Worksheet was inserted; and
  - 27.2. the Premium Worksheet was added at the end of the document but it:
    - 27.2.1. showed the premium as USD18,000;
    - 27.2.2. did not include the calculations referred to in paragraph 15.5.5 above; and
    - 27.2.3. included a net premium due to Reinsurer A of USD13,500 (i.e. the premium of USD18,000 minus the 25% Brokerage amounting to USD4,500).
28. On 13 February 2020 at 11.59 hrs, Reinsurer A responded to the Firm's email in paragraph 27 above attaching the Stamped RI Slip (**First Stamped RI Slip**).
29. On 27 February 2020 at 19.21 hrs, Client A sent an email to the Firm confirming the binding at a premium of USD50,000 and placing 97% of the risk with Reinsurer A. On the same day, the Firm informed Reinsurer A by email of the binding confirmation provided by Client A.
30. On 1 March 2020 at 8.49 hrs, Reinsurer A responded to the Firm's email in paragraph 29 above saying:
- "We are pleased to bind cover our 97% of 100% share, with effect 1st September 2019 to 1st July 2021 at premium of USD 18,000/- (100%) with 25% RI commission."*
31. On 8 March 2020, the Team submitted the file to the Processing Team. The file contained the Accounting Form for the placement, setting out the premium calculations and a Brokerage of 73%.
32. On 9 March 2020 at 17.23 hrs, Reinsurer A sent the Firm an email attaching a new copy of the Stamped RI Slip (**Second Stamped RI Slip**) which included a 97% share of the risk.
33. On 11 March 2020 at 14.00 hrs, the Firm sent an email to Reinsurer A and attached a premium closing advice addressed to Reinsurer A for USD13,095. (i.e. 97% of the net

premium due to Reinsurer A of USD13,500 as stated in the Premium Worksheet – see paragraph 27.2 above).

34. On 11 March 2020 at 14.20 hrs, the Firm sent an email to Client A which stated:

*"Here you are the full documents of the closings for your perusal including the stamped debit note with the net premium of \$50K [...]"*.

The email attached various documents, including:

- 34.1. a debit note addressed to Client A for USD48,500 (i.e. 97% of USD50,000); and
  - 34.2. the EOC, which did not include the page with the Premium Worksheet or any information about the premium.
35. As explained in paragraph 19.3 above, the Processing Team was responsible for reviewing the file before issuing the EOC and the debit note. In its review of the file, the Processing Team failed to identify that:
- 35.1. the EOC referred to the premium as being attached, but the Premium Worksheet was not included in the EOC;
  - 35.2. the premiums to Client A and Reinsurer A were substantially different, with the difference being earned by the Firm as Brokerage; and
  - 35.3. the total Brokerage earned by the Firm on the placement was 73% of the premium paid by Client A, which is significantly above the maximum of 20% permitted by the Firm.
36. As a result of the conduct described in paragraphs 20 to 35 above, Ed Broking:
- 36.1. misled Client A as to the premium quoted by Reinsurer A;
  - 36.2. misled Reinsurer A as to:
    - 36.2.1. the actual premium charged by the Firm to Client A; and
    - 36.2.2. the total Brokerage earned by the Firm on the placement, which was USD35,405, almost triple the amount received by Reinsurer A; and
  - 36.3. earned a Brokerage of 73% of the premium paid by Client A.
37. In addition, the practice adopted by Ed Broking whereby the Premium Worksheet was not included in the EOC so as not to disclose the Brokerage to the Client, facilitated its misleading and deceptive conduct described in paragraph 36 above.

*Endorsements to the Reinsurance Policy*

38. The period of cover of the risk was further extended through two endorsements, which resulted in an additional premium and Brokerage. Client A and Reinsurer A agreed to the endorsements in the same terms as those they understood to apply for the original reinsurance of the Risk; namely, Reinsurer A understood the premium to be USD18,000, and Client A understood it to be USD50,000. The premium and the Brokerage applicable to the endorsements were calculated on a pro-rata basis.
39. On 4 March 2021, Endorsement 2 was issued to extend the period of cover for six months. The net premium due to Reinsurer A for this endorsement was USD3,577. However, Client A was asked to pay USD13,247. The actual Brokerage earned by the Firm was USD9,670, i.e. almost triple the amount received by Reinsurer A.
40. On 26 August 2021, Endorsement 3 was issued to extend the period of cover for 60 days. The net premium due to Reinsurer A for this endorsement was USD1,173. However, Client A was asked to pay USD4,343. The actual Brokerage earned by the Firm was USD3,171, i.e. almost triple the amount received by Reinsurer A.
41. The Accounting Forms submitted to the Processing Team in respect of Endorsements 2 and 3 set out the different premiums and a Brokerage of 73% (i.e. USD9,670 and USD3,171, respectively).

#### *New Reinsurance Policy*

42. In February and March 2023, the Firm assisted Client A in extending the period of cover for the risk for six months. This was done through a new reinsurance policy with Reinsurer A. The net premium due to Reinsurer A for the new policy was USD6,750. However, the EOC sent to Client A did not include the Premium Worksheet with the premium and Client A was asked to pay USD24,250. The actual Brokerage earned by the Firm was USD17,703, i.e. almost triple the amount received by Reinsurer A.
43. The Accounting Forms submitted to the Processing Team in respect of this placement set out the different premiums and a Brokerage of 73%.
44. In respect of Endorsement 2, Endorsement 3 and the new insurance policy, Ed Broking's Processing Team failed to identify and appropriately address that:
- 44.1. the EOC referred to the premium as being attached, but the Premium Worksheet was not included in the EOC;
  - 44.2. the premiums to Client A and Reinsurer A were substantially different, with the difference being earned by the Firm as additional Brokerage; and
  - 44.3. total Brokerage earned by the Firm on each of those placements was 73% of the premium paid by Client A, well above the maximum of 20% permitted by the Firm.

## Misleading and deceptive conduct in respect of premiums and the Brokerage

45. Ed Broking also:

- 45.1. communicated different premiums to other Clients and reinsurers, stating a higher premium to the Client and a lower premium to the reinsurer, and causing the difference between the two to be earned by the Firm as additional Brokerage; and
- 45.2. agreed with reinsurers on deductions from the premium paid by the Client, such as Tax, NCB and RIB (as explained in paragraph 10 above), but caused those deductions to be earned as additional Brokerage instead.

### *Different premiums*

46. In relation to the conduct described in paragraph 45.1 above, the Firm concealed the difference in premiums payable by Clients by deleting the premium from the Stamped RI Slip and adding a Premium Worksheet to show the premium. The Processing Team's practice was to remove the page with the Premium Worksheet from the EOC to be sent to Clients, as shown in paragraph 34.2 above.
47. Ed Broking did this in respect of 27 placements. during the Relevant Period. By way of example:
- 47.1. on 16 February 2020, the Firm sent an email to a Client (**Client B**) regarding renewing the reinsurance of a particular risk;
  - 47.2. on 19 March 2020, Client B sent an email to the Firm setting out some of the terms and conditions of the renewal, and indicating an increase of the premium;
  - 47.3. on the same day, the Firm sent an email to Client B asking to "*confirm the final rate for this renewal*", to which Client B responded indicating that the premium:
    - 47.3.1. to one reinsurer (**Reinsurer B**) was 1.0865 per mil; and
    - 47.3.2. to another reinsurer was 1.26 per mil;
  - 47.4. on 22 March 2020, the Firm sent an email to Reinsurer B to renew the reinsurance of the risk which stated:

*"Here you are the firm order as per the original terms received from the cedent"*  
*and "the client confirmed [ ... ] improving the rate [ ... ]".*

The email attached a Draft RI Slip which included a Premium Worksheet specifying a gross premium of 0.98 per mil;

- 47.5. on 23 March 2020, Reinsurer B responded to the Firm and offered to reinsure 1% share of the risk "*per the slip terms offered*"; that is, at a gross premium of 0.98 per mil;
  - 47.6. on 29 March 2020, the Firm confirmed to Client B that Reinsurer B had offered a 1% share at a "*net rate of 1.26 per mil*". A few minutes later, Client B responded to the Firm confirming the binding of the 1% share of the risk;
  - 47.7. following Client B's binding confirmation, the Firm sent Reinsurer B an updated Draft RI Slip "*which is showing higher net rate due to you*". The Premium Worksheet specified a net premium of 1 per mil. The Slip also included deductions of 30.8% of the premium; and
  - 47.8. on 30 April 2020, the Firm sent Client B the EOC, which had the Premium Worksheet removed.
48. As a result of the conduct described in paragraph 47 above, Ed Broking misled:
- 48.1. Client B and Reinsurer B as to the premium of the placement; and
  - 48.2. Reinsurer B as to the Brokerage earned from such placement, as the Firm earned the difference between 1.26 per mil and 1 per mil of the total sum insured as Brokerage, in addition to the 30.8% of the premium.
49. The Processing Team was responsible for reviewing the file before issuing the EOC and the debit note. In its review of the file, the Processing Team failed to identify that:
- 49.1. the EOC referred to the premium as being attached, but the Premium Worksheet was not included in the EOC;
  - 49.2. the premiums to Client B and Reinsurer B were substantially different, with the difference being earned by the Firm as additional Brokerage; and
  - 49.3. the total Brokerage earned by the Firm on the placement was over 45% of the premium paid by Client B, which was significantly above the maximum of 20% permitted by the Firm.
50. As stated above, the practice adopted by Ed Broking whereby the Premium Worksheet was not included in the EOC so as not to disclose the Brokerage to the Client, facilitated the misleading and deceptive conduct described in paragraph 48 above.
51. During the Relevant Period, Ed Broking earned additional Brokerage in respect of 26 other placements where the Firm misled and deceived Clients and reinsurers as to the premium.

*Deductions earned as Brokerage*

52. In relation to the conduct in paragraph 45.2 above, Ed Broking's management was aware that the Firm was engaging in such conduct prior to the Relevant Period. In May 2017, one of the Firm's then Licensed Directors had sent an email to [REDACTED] and others saying:

*"we cannot take applicable tax as brokerage . [REDACTED] you have to obtain agreement of reinsurers to pay the 30.8% as commision [sic] and not partly tax."*

53. Nevertheless, the Firm caused deductions on the premium paid by the Client that had been agreed with reinsurers to be earned as Brokerage instead in at least 32 placements during the Relevant Period. By way of example:

- 53.1. on 6 April 2020, Client B agreed with the Firm on placing a risk with a reinsurer (Reinsurer C) for a Net Premium (i.e. a premium without deductions other than Brokerage);
- 53.2. on 8 April 2020, Reinsurer C signed the Stamped RI Slip setting out total deductions to the premium of 27.8%. Email correspondence on 6 and 7 April 2020 between the Firm and Reinsurer C shows that the deductions included the Tax;
- 53.3. on 29 April 2020, the Team submitted the Accounting Form to the Processing Team setting out the details of the placement with various reinsurers, including the deductions. The Accounting Form included Tax as a deduction from the premium paid by Client B for the placement with another reinsurer, but not for the placement with Reinsurer C. Instead, the Accounting Form showed the deductions of 27.8% entirely as Brokerage; and
- 53.4. on 30 April 2020, the Firm sent two debit notes to Client B for placing the risk with various reinsurers, including Reinsurer C. The debit notes did not deduct Tax from the premium to be paid by Client B for the placement with Reinsurer C, causing the Firm to earn the Tax as Brokerage for that placement.
54. As a result of the conduct described in paragraph 53 above, the Firm misled and deceived Reinsurer C as to the nature of the deductions applied to the premium and the amount of Brokerage earned by Ed Broking.
55. The Processing Team was responsible for reviewing the file submitted by the Team before issuing the EOC and the debit note. As stated in Ed Broking's Rules and Procedures, the file review included a review of the correspondence with the Client and Reinsurers, the Accounting Form and the Stamped RI Slip(s). In its review of the file, the Processing Team failed to identify and appropriately address that:

- 55.1. as shown in correspondence with Reinsurer C, Reinsurer C understood the deductions to include Tax which was to be deducted from the premium paid by the Client;
- 55.2. the Accounting Form. did not include Tax in the deductions applicable to the premium for the placement with Reinsurer C, despite the Brokerage ending in ".8%" which suggested that the deductions may have been inclusive of Tax; and
- 55.3. the total Brokerage earned by the Firm on the placement was 27.8% of the premium paid by Client B, which was above the maximum of 20% permitted by the Firm.
56. During the Relevant Period, Ed Broking earned additional Brokerage in respect of at least 31 other placements. where the Firm misled and deceived reinsurers as to the nature of the deductions applied to the premiums.

#### **The alteration of the EOCs**

57. The Firm assisted Client B in placing risks with reinsurers. As explained in paragraph 15.8.2, the EOC provided by the Firm to Client B did not include the Deductions Page so as not to disclose the Brokerage.
58. From May 2021, Client B asked the Firm to provide the page of the Stamped RI Slip containing the Brokerage (the **Request**) and *"for the purposes of full transparency, the reinsurance agreement /slip should disclose the total deduction including taxes, ceding commission and brokerage as well as signed and stamped by reinsurers"*. The Request was made several times.
59. According to [REDACTED], the aim of the Request was for Client B to obtain a ceding discount, or a larger ceding discount if Client B already had one. Any increase in the ceding discount would reduce the amount of the Brokerage.
60. During May and June 2021, the Firm did not comply with the Request.
61. On 13 June 2021, Client B sent an email to the Firm saying:
- "As we are keen to maintain our strong business relationship has been built up over several years ago request your goodself [sic] to have urgent acceptance from your management to release full Reinsurance documentation showing us Total deduction and /or your brokarge [sic] otherwise we are not in position to offer you any further renewal or new accounts till follow our instructions."*
62. On 14 June 2021, in an email to the Firm, Client B's senior management stated:

*"Thanks [REDACTED] unfortunately this is final decision and it is not possible to except [the Firm].*

*We are your client abd youd [sic] management should response postively [sic] to our internal instructions if not that is your descion [sic] accordingly we may approach your markets directly.*

*Thanks again and appreciate receiving your final descion [sic] as June renewal is due soon."*

The Request was not raised with the Firm's senior management.

63. Subsequently, in order to avoid disclosing the actual Brokerage earned by the Firm on placements, the Team altered the EOCs before providing them to Client B. to show lower deductions and, as a result, a lower Brokerage<sup>6</sup> (the **Manipulated EOCs**).
64. From 12 July 2021 to 23 March 2023, the Firm provided to Client B Manipulated EOCs for 121 placements as follows:
  - 64.1. the placement process described in paragraphs 15.1 to 15.8 above was followed;
  - 64.2. the reinsurer sent the Firm the Stamped RI Slip (see paragraph 15.6 above);
  - 64.3. the Processing Team sent an email to the Team attaching a PDF document with the EOC and the closing documents. (see paragraph 15.9 above);
  - 64.4. the EOC contained a copy of the Stamped RI Slip which **excluded** the Tax Page and the Deductions Page. (see paragraph 15.8.2 above);
  - 64.5. a member of the Team (the **Employee**) forwarded that email to their personal email account. However, instead of attaching the EOC, the Employee's email attached the Manipulated EOC;
  - 64.6. the Manipulated EOC:
    - 64.6.1. included the Deductions Page of the Stamped RI Slip showing the total deductions, which included the Brokerage. However, the deductions shown were lower than those stated in the Stamped RI Slip provided by the reinsurer. On occasions, the Manipulated EOC also showed lower deductions by deleting the NCB, the RIB, and references to Tax, which were included in the Deductions Page of the Stamped RI Slip;
    - 64.6.2. did not include the Tax Page;

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<sup>6</sup> Total deductions included Brokerage earned by the Firm and ceding discount to the Client, if any.

64.6.3. contained metadata which showed that the Employee was the author of the document, and that the document had been modified shortly before the Employee had sent the email to their personal email account. and

64.6.4. on two occasions, included the Premium Worksheet with a different premium that was altered to show a higher premium to Client B;

64.7. the Employee sent the email attaching the Manipulated EOC from their personal email account to [REDACTED]'s personal email account;

64.8. [REDACTED] sent the email attaching the Manipulated EOC from his personal email account to his email account at the Firm; and

64.9. [REDACTED] sent a new email from his email account at the Firm to Client B. attaching the Manipulated EOC.

65. As a result of the conduct set out in paragraphs 57 to 64, in the period between 12 July 2021 and 23 March 2023 the Firm misled and deceived Client B as to the amount of Brokerage earned by the Firm from 121 placements. and the deductions to the premium from some of those placements.

66. Ed Broking's failure to adhere to its own Rules and Procedures that the Processing Team was responsible for issuing and sending the EOC directly to the Client, facilitated the conduct set out in paragraph 65 above.

## **CONTRAVENTIONS**

67. Having regard to the facts and matters set out in this Notice, the DFSA finds that Ed Broking committed the contraventions set out below.

### **Misleading and deceptive conduct**

68. Article 41B of the Regulatory Law 2004 states that a person must not, in or from the DIFC, engage in conduct in connection with a Financial Product or a Financial Service that is:

68.1. misleading or deceptive or likely to mislead or deceive;

68.2. fraudulent; or

68.3. dishonest.

69. By reason of the facts set out in paragraphs 20 to 66 of this Notice, during the Relevant Period, Ed Broking contravened Article 41B of the Regulatory Law 2004 by engaging in conduct that was misleading and deceptive, or was likely to mislead or deceive.

70. In particular:

- 70.1. as evidenced in paragraph 52 above, the Firm's senior management was aware that, prior to the Relevant Period, the Firm had been misleading reinsurers in respect of Tax being deducted from premiums and passed on to the Client, but which were earned by the Firm as Brokerage instead;
- 70.2. the email referred to in paragraph 52 also prompted a discussion among the Firm's senior management about earning further Brokerage from Tax deductions and from different premiums provided to Clients and reinsurers respectively. The Firm's senior management were aware that this was an area where Ed Broking could engage in misconduct;
- 70.3. the Accounting Forms showing Brokerage well above the maximum of 20% permitted by the Firm and different premiums to Clients and reinsurers for the same placement, were part of the placement file and were submitted to the Processing Team;
- 70.4. copies of Stamped RI Slips and correspondence misleading Clients and reinsurers were also part of the placement file and were provided to the Processing Team; and
- 70.5. as evidenced in paragraph 12, the Firm had entrusted [REDACTED] with the senior position of "Divisional Director" and, during the Relevant Period, promoted [REDACTED] to "Managing Director".

### **Systems and controls**

- 71. Under Principle 3 (Management, systems and controls) in GEN Rule 4.2.3, Ed Broking was required to have adequate systems and controls to ensure that, as far as is reasonably practical, it complies with legislation applicable in the DIFC.
- 72. Ed Broking's documented systems and controls were designed to ensure that communications with Clients and reinsurers were clear and unambiguous, and that the legal documents issued to Clients (particularly the EOC) accurately stated what had been agreed by Clients and reinsurers in relation to each placement.
- 73. However, those systems and controls were inadequate because the Firm failed to adequately implement those or monitor compliance with them. In particular, the Firm did not discover the Processing Team's failure to:
  - 73.1. appropriately review or perform a "*mini audit*" of the broking file, which included communications with Clients and reinsurers, Stamped RI Slips and Accounting Forms;
  - 73.2. escalate the discrepancies in the:

- 73.2.1. premiums communicated to Clients and reinsurers;
  - 73.2.2. nature of the deductions communicated to reinsurers; and
  - 73.2.3. Brokerage earned by the Firm, which in many cases exceeded the limit set by the Firm;
- 73.3. ensure that the placements in which the Firm earned a Brokerage above 20% had been approved by two directors;
- 73.4. ensure that the EOC had all the attachments referred to therein and, in particular, the Premium Worksheet; and
- 73.5. send the legal documentation to the Client.
- 74. In addition, Ed Broking's practice of not disclosing the Brokerage to Clients resulted in EOCs that did not include the premium, facilitating the misconduct set out in paragraphs 20 to 44 and 45 to 51.
- 75. As a result, the Firm was able to mislead and deceive, or likely to mislead or deceive, Clients and reinsurers in breach of Article 41B of the Regulatory Law 2004.
- 76. By reason of the facts set out in paragraphs 20 to 66, Ed Broking contravened GEN Rule 4.2.3 (Principle 3) as Ed Broking's systems and controls were inadequate and failed to ensure that the Firm complied with legislation applicable in the DIFC.

#### **Clear and not misleading communication**

- 77. Under COB Rule 7.3.1(1), when communicating any information in relation to Insurance Intermediation or Insurance Management to a Person, Ed Broking was required to take reasonable steps to ensure that the communication was clear and not misleading.
- 78. As evidenced in paragraphs 20 to 66, Ed Broking misled and deceived Clients and reinsurers for a period of over three years in respect of the:
  - 78.1. premiums;
  - 78.2. deductions applied on premiums to be paid by the Clients; and
  - 78.3. Brokerage earned by the Firm.
- 79. Accordingly, Ed Broking contravened COB Rule 7.3.1(1).

#### **Due skill, care and diligence**

- 80. As evidenced in paragraphs 20 to 66 of this Notice, Ed Broking failed to act with due skill, care and diligence in conducting its business activities, including by not ensuring that its employees adhered to its own Rules and Procedures. Accordingly, Ed Broking contravened Principle 2 (Due skill, care and diligence) in GEN Rule 4.2.2.

## **SANCTIONS**

81. In deciding whether to take the action set out in this Notice, the DFSA has taken into account the factors and considerations set out in sections 6-2 and 6-3 of the DFSA's Regulatory Policy and Process Sourcebook (**RPP**).
82. The DFSA considers the following factors to be of particular relevance in this matter:
  - 82.1. the DFSA's objectives, in particular to prevent, detect and restrain conduct that causes or may cause damage to the reputation of the DIFC or the financial services industry in the DIFC, through appropriate means including the imposition of sanctions (Article 8(3)(d));
  - 82.2. the deterrent effect of the action and the importance of deterring the Firm and others from committing further or similar contraventions; and
  - 82.3. the seriousness of the contraventions, including their nature and the fact that they were deliberate and repeated over a significant period of time.
83. The DFSA has considered the sanctions and other options available to it, and has concluded that imposing the Fine on the Firm is the most appropriate action given the circumstances of this matter.

## **Determination of Fine**

84. In determining the appropriate level of financial penalty to impose in this matter, the DFSA has taken into account the factors and considerations set out in sections 6-4 and 6-5 of the RPP as follows.

### *Step 1 - Disgorgement*

85. As set out in paragraph 6-5-1 of RPP, the DFSA will seek to deprive a firm of the economic benefits derived directly or indirectly from a contravention (which may include the profit made or loss avoided) where it is practicable to quantify this.
86. Ed Broking made a profit from conduct which contravened DFSA administered legislation by earning as additional Brokerage the:
  - 86.1. difference between the premium to Client A and the premium to Reinsurer A;
  - 86.2. difference between the premiums agreed with other Clients and reinsurers; and
  - 86.3. deductions agreed with reinsurers to be applied to the premiums paid by the Clients.

87. The DFSA has calculated the additional Brokerage earned by Ed Broking during the Relevant Period as follows:
- 87.1. as a result of the conduct referred to in paragraph 86.1 to be USD57,920;
  - 87.2. as a result of the conduct referred to in paragraph 86.2 to be USD86,317; and
  - 87.3. as a result of the conduct referred to in paragraph 86.3 to be USD61,722.
88. Ed Broking has made restitution payments to Client A totalling USD105,063 in respect of the conduct relating to the Altered Quote specified in paragraph 87.1 above, and to Client B totalling USD663,394 in respect of the Manipulated EOCs.
89. Accordingly, the DFSA considers that the additional Brokerage referred to in paragraphs 87.2 and 87.3, which amounts to USD148,039, represents the disgorged amount for the purpose of paragraph 6-5-1 of RPP. The DFSA ordinarily charges interest on such economic benefit. In this matter, the applicable annual interest rate is 1% plus the average 3-month Emirates Interbank Offer Rate (**EIBOR**) during the Relevant Period. The applicable interest rate was then applied to USD148,039 in additional Brokerage, resulting in an interest amount of USD27,304.
90. Therefore, the figure after Step 1 is USD175,343, comprising USD148,039 in additional Brokerage plus USD27,304 in interest.

*Step 2 – The Seriousness of the Contraventions*

91. The DFSA finds Ed Broking's contraventions to be particularly serious because:
- 91.1. the contraventions involved deliberate conduct by which Clients and reinsurers were misled or deceived;
  - 91.2. the contraventions occurred over the Relevant Period, a period of more than three years, and were repeated many times;
  - 91.3. the contraventions revealed systemic weaknesses and inadequacies in Ed Broking's systems and controls; and
  - 91.4. Ed Broking benefited from the contraventions, as it earned as additional Brokerage:
    - 91.4.1. the difference between premiums agreed with Clients and those paid to reinsurers; and
    - 91.4.2. deductions such as Tax, NCB and RIB, that had been agreed by reinsurers to be applied to the premium paid by the Clients.

92. Taking the above factors into account, the DFSA considers that a financial penalty of USD571,087 appropriately reflects the seriousness of the contraventions. This figure is equivalent to 10% of USD5,710,873, which represents Ed Broking's brokerage revenue during the Relevant Period.

*Step 3 – Mitigating and aggravating factors*

93. In considering the appropriate level of financial penalty, the DFSA had regard to the factors set out in RPP paragraph 6-5-8. The DFSA has taken into consideration the following mitigating factors in determining the appropriate level of the Fine:
- 93.1. Ed Broking promptly reported to the DFSA the facts and matters concerning Manipulated EOCs;
  - 93.2. Ed Broking conducted the Internal Investigation, which included a forensic investigation in respect of placements done by the Firm over a five-year period, and reported its findings to the DFSA; and
  - 93.3. Ed Broking paid restitution to Client A and Client B (in respect of the conduct relating to the manipulated EOCs) once it had concluded the Internal Investigation.
94. As a result of these factors, the DFSA considers that overall these factors mitigate the seriousness of the contraventions by Ed Broking. The DFSA has therefore decided to decrease the figure after Step 2 by 30%.
95. Accordingly, the figure after Step 3 is USD399,761.

*Step 4 – Adjustment for deterrence*

96. Pursuant to RPP paragraph 6-5-9, if the DFSA considers that the level of the financial penalty which it has arrived at after Step 3 is insufficient to deter the firm who committed the contravention, or others, from committing further or similar contraventions, then the DFSA may increase it. RPP paragraph 6-5-9 sets out the circumstances where the DFSA may do this.
97. The DFSA considers that the figure after Step 3 is sufficient for the purposes of deterring Ed Broking and others from committing further or similar contraventions. The DFSA therefore does not consider it appropriate to adjust the amount of the fine arrived at after Step 3 for the purposes of deterrence.
98. Accordingly, the figure after Step 4 is USD399,761.

*Step 5 – Settlement discount*

99. Where the DFSA and the person on whom the financial penalty is to be imposed agree on the amount and other terms, RPP paragraph 6-5-10 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which agreement is reached.
100. The DFSA and Ed Broking have reached agreement on the relevant facts and matters relied upon and the amount of fine that would be imposed. Having regard to its usual practice and in recognition of the benefit of this agreement to the DFSA, the DFSA has applied a 30% discount to the level of fine which the DFSA would have otherwise imposed.
101. Accordingly, the figure after Step 5 is USD279,833.

#### *The Level of the Fine*

102. Given the factors and considerations set out in paragraphs 84 to 101 above and the circumstances of this matter, the DFSA has determined that it is proportionate and appropriate to impose on Ed Broking the Fine of USD455,176, comprising:
- 102.1. disgorgement of USD175,343 in additional Brokerage earned from misleading Clients and reinsurers plus the applicable interest; and
- 102.2. a penalty of USD279,833.

### **PROCEDURAL MATTERS**

#### **Settlement Decision Maker**

103. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Maker on behalf of the DFSA.

#### **Manner and time for payment**

104. The Fine must be paid by Ed Broking by no later than 28 days from the date of this Notice.

#### **If the Fine is not paid**

105. If any or all of the Fine is outstanding after the due date, the DFSA may seek to recover the outstanding amount as a debt owed by Ed Broking and due to the DFSA.

#### **Evidence and other material considered**

106. Annex A sets out extracts from some statutory and regulatory provisions and guidance relevant to this Notice.
107. The DFSA made available to Ed Broking a copy of the relevant materials that were considered in making the decision which gave rise to the obligation to give this Notice.

### **Right of review of the decision by the FMT**

108. Pursuant to Article 90(5) of the Regulatory Law 2004, Ed Broking has the right to refer this matter to the FMT for review. However, in deciding to settle this matter and in agreeing to the action set out in this Decision Notice, Ed Broking has agreed that it will not refer this matter to the FMT.

### **Publicity**

109. Under Article 116(2) of the Regulatory Law 2004, the DFSA may publish, in such form and manner as it regards appropriate, information and statements relating to decisions of the DFSA and of the Court, censures, and any other matters which the DFSA considers relevant to the conduct of affairs in the DIFC.
110. In accordance with Article 116(2) of the Regulatory Law 2004, the DFSA intends to publicise the action taken in this Decision Notice and the reasons for that action. This may include publishing this Decision Notice itself, in whole or in part.
111. The DFSA will notify Ed Broking of the date on which the DFSA intends to publish information about this Decision Notice.

### **DFSA contacts**

112. For more information concerning this matter generally, please contact the Administrator to the DMC on +971 4 362 1500 or by email at [DMC@dfsa.ae](mailto:DMC@dfsa.ae).

Signed:



.....CHRISTIAN CAMERON, DIRECTOR.....

.....22 JANUARY 2026.....

As a Settlement Decision Maker for an on behalf of the DFSA

## ANNEX A – RELEVANT STATUTORY AND REGULATORY PROVISIONS

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### 1. Relevant Legislation

#### Regulatory Law - DIFC Law No. 1 of 2004

#### **8 The Powers, Functions and Objectives of the DFSA**

- (1) The DFSA has such functions and powers as are conferred, or expressed to be conferred, on it:
  - (a) by or under the Law; and
  - (b) by or under any other law made by the Ruler.
- (2) The DFSA has power to do whatever it deems necessary for or in connection with, or reasonably incidental to, performing its functions and exercising its powers conferred in accordance with (1).
- (3) In performing its functions and exercising its powers, the DFSA shall pursue the following objectives:
  - (a) to foster and maintain fairness, transparency and efficiency in the financial services industry (namely, the financial services and related activities carried on) in the DIFC;
  - (b) to foster and maintain confidence in the financial services industry in the DIFC;
  - (c) to foster and maintain the financial stability of the financial services industry in the DIFC, including the reduction of systemic risk;
  - (d) to prevent, detect and restrain conduct that causes or may cause damage to the reputation of the DIFC or the financial services industry in the DIFC, through appropriate means including the imposition of sanctions;

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#### **41B. General prohibition against misconduct**

- (1) A person must not, in or from the DIFC, engage in conduct in connection with a Financial Product or a Financial Service that is:
  - (a) misleading or deceptive or likely to mislead or deceive;
  - (b) fraudulent; or
  - (c) dishonest.
- (2) The DFSA shall make Rules prescribing what constitutes a Financial Product for the purposes of Article 41B(1).

- (3) Nothing in this Article limits the scope or application of any other provision in legislation administered by the DFSA.

## **90 Sanctions and directions**

- (1) Where the DFSA considers that a person has contravened a provision of any legislation administered by the DFSA, other than in relation to Article 32, the DFSA may exercise one or more of the powers in Article 90(2) in respect of that person.
- (2) For the purposes of Article 90(1) the DFSA may:
  - (a) fine the person such amount as it considers appropriate in respect of the contravention;
  - (b) censure the person in respect of the contravention;
  - (c) make a direction requiring the person to effect restitution or compensate any other person in respect of the contravention within such period and on such terms as the DFSA may direct;
  - (d) make a direction requiring the person to account for, in such form and on such terms as the DFSA may direct, such amounts as the DFSA determines to be profits or unjust enrichment arising from the contravention;
  - (e) make a direction requiring the person to cease and desist from such activity constituting or connected to the contravention as the DFSA may stipulate;
  - (f) make a direction requiring the person to do an act or thing to remedy the contravention or matters arising from the contravention; or
  - (g) make a direction prohibiting the person from holding office in or being an employee of any Authorised Person, DNFBP, Reporting Entity or Domestic Fund.
- (3) Nothing in this Article prevents the DFSA from exercising any other power that it may exercise under this Law or any other legislation administered by the DFSA.
- (4) The procedures in Schedule 3 apply to a decision of the DFSA under this Article.
- (5) If the DFSA decides to exercise its power under this Article in relation to a person, the person may refer the matter to the FMT for review.

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## **116 Publication by the DFSA**

- (1) The DFSA shall make available to the public without undue delay after their making or issuing:

- (a) Rules made by the DFSA Board of Directors;
  - (b) Guidance in the form of:
    - (i) guidance made and issued by the Chief Executive under the Law; and
    - (ii) a standard or code of practice issued by the DFSA Board of Directors which has not been incorporated into the Rules.
- (2) The DFSA may publish in such form and manner as it regards appropriate information and statements relating to decisions of the DFSA, the FMT and the Court, sanctions, and any other matters which the DFSA considers relevant to the conduct of affairs in the DIFC.
- (3) Publications made under this Article may be provided with or without charge as the DFSA Board of Directors may determine.

## **2. Relevant DFSA Rulebook Provisions**

### **DFSA Rulebook, General Module (GEN) [VER47/01-20 to VER58/01-23]**

## **2 FINANCIAL SERVICES**

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### **2.19 Insurance intermediation**

#### **2.19.1 (1) In Rule 2.2.2, Insurance Intermediation means:**

- (a) advising on a Contract of Insurance;
  - (b) acting as agent for another Person in relation to the buying or selling of a Contract of Insurance for that other Person;
  - (c) making arrangements with a view to another Person, whether as principal or agent, buying a Contract of Insurance; or
  - (d) operating an Insurance Aggregation Site.
- (2) In (1)(a), 'advising' means giving advice to a Person in his capacity as a Policyholder, or in his capacity as agent for a Policyholder on the merits of his entering into a Contract of Insurance whether as principal or agent.
- (3) In (2), 'advice' includes a statement, opinion or report:
- (a) where the intention is to influence a Person, in making a decision, to select a Contract of Insurance or insurance cover; or
  - (b) which could reasonably be regarded as being intended to have such influence.

- (4) The arrangements in (1)(c) include arrangements which do not bring about the transaction.
- (5) The arrangements in (1)(c) do not include the mere provision of information about:
  - (a) a Contract of Insurance, insurer, insurance intermediary or insurance manager to a Policyholder; or
  - (b) a Policyholder to an insurer, insurance intermediary or insurance manager, if the Person providing that information does not take any further steps to assist in concluding the Contract of Insurance.

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## **2.20 Insurance management**

**2.20.1 (1)** In Rule 2.2.2, Insurance Management means:

- (a) performing underwriting or administration functions for or on behalf of an insurer, for the purposes of that insurer effecting or carrying out a Contract of Insurance as principal;
  - (b) advising on a Contract of Insurance for which the Person performs, or is proposing to perform, underwriting functions referred to in (a); or
  - (c) arranging reinsurance for and on behalf of an insurer for whom it is underwriting.
- (2) In (1):
- (a) “administration” includes, without limitation, one or more of the following activities:
    - (i) processing applications for, and endorsements on, Contracts of Insurance;
    - (ii) collecting and processing premiums;
    - (iii) negotiating terms of settlement of claims; or
    - (iv) settling claims;
  - (b) “advising” has the same meaning as in Rule 2.19.1(2) and (3); and
  - (c) “underwriting” includes, without limitation, one or more of the following activities:
    - (i) assessing underwriting risks;
    - (ii) negotiating and settling terms of Contracts of Insurance including

exclusions;

(iii) negotiating and settling premiums;

(iv) negotiating commissions; or

(v) countersigning, stamping and issuing Contracts of Insurance.

(3) In this Rule, a reference to an “insurer” is a reference to:

(a) an Insurer; or

(b) a Non-DIFC insurer.

## **4 CORE PRINCIPLES**

### **Principle 2 - Due skill, care and diligence**

**4.2.2** In conducting its business activities an Authorised Firm must act with due skill, care and diligence.

### **Principle 3 - Management, systems and controls**

**4.2.3** An Authorised Firm must ensure that its affairs are managed effectively and responsibly by its senior management. An Authorised Firm must have adequate systems and controls to ensure, as far as is reasonably practical, that it complies with legislation applicable in the DIFC.

## **DFSA Rulebook, Conduct of Business Module (COB) [VER35/01-20 to VER41/01-23]**

## **7 CORE RULES - INSURANCE**

### **General obligation**

**7.3.1** (1) When communicating any information in relation to Insurance Business, Insurance Intermediation or Insurance Management to a Person, an Authorised Firm must take reasonable steps to ensure that the communication is clear, fair and not misleading.

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### **3. Other Relevant Regulatory Provisions**

The DFSA's policy in relation to its approach to enforcement is set out in Chapter 5 of the DFSA's Regulatory Policy and Process Rulebook (RPP) (February 2020 Edition).

Chapter 6 of RPP sets out the DFSA's approach to imposing a penalty, which includes a financial penalty, and the matters the DFSA will take into account when determining a penalty.

## ANNEX B – DEFINITIONS

Accounting Form	The form submitted by the Team to the Firm's Processing Team on 29 April 2020 setting out the details of a placement.
Altered Quote	The Quote that the Team altered to change the premium.
Brokerage	Brokerage commission earned, or purported to be earned, by the Firm. The Brokerage was deducted by the Firm from the premium received from the Client, but it was negotiated with, and agreed by, the reinsurer(s).
Clients	The insurers (cedants) which the Firm assisted in placing risks with reinsurers.
Client A	The Client to whom the Team sent the Altered Quote.
Client B	The Client referred to in paragraph 47 who was misled by the Firm as to the premium, and to whom the Firm sent Manipulated EOCs.
Deductions Page	The page of the Draft RI Slip and the Stamped RI Slip setting out the deductions from the premium, which included the Brokerage, the ceding discount, NCB and RIB, if applicable.
DFSA	The Dubai Financial Services Authority.
Draft RI Slip	A Draft Reinsurance Slip setting out set out the terms of the reinsurance contract and sent by the Team to reinsurers.
Ed Broking	Ed Broking (MENA) Limited.
Employee	The member of the Team who manipulated the EOCs to send to Client B at a given time. Two members of the Team were the Employee at different times.
EOC	Evidence of Cover.
Evidence of Cover	A PDF document addressed to the Client and produced by the Processing Team that included a cover letter addressed to the Client, and a copy of the Stamped RI Slip without the Tax Page and the Deductions Page.
Fine	A fine of USD455,176 imposed on Ed Broking by the DFSA.
Firm	Ed Broking (MENA) Limited..

First Draft RI Slip	The Draft RI Slip created by a member of the Team on 6 February 2020 which included the premium of USD18,000 on page 4 of the Slip.
First Stamped RI Slip	The first Stamped RI Slip sent by Reinsurer A to the Firm on 13 February 2020.
GLO	The Glossary Module of the DFSA Rulebook.
Manipulated EOC	The Evidence of Cover manipulated to show lower deductions and therefore a lower Brokerage.
NCB	No Claim Bonus.
Premium Worksheet	A page attached at the end of some of the Draft RI Slips and the Stamped RI Slips setting out the calculations for the premium. A Premium Worksheet was used where the structure of the risk insured was such that the reinsurance cover included different risks with a different premium each.
Processing Team	A team at the Firm in charge of booking the placements in the system and producing the EOC, the debit note, and the premium closing advice(s). During the Relevant Period, some members of the Team performed that role at times.
Quote	The quote received by the Team from Reinsurer A on 6 February 2020.
Reinsurer A	The reinsurer that provided the Quote on 6 February 2020 that was altered by the Team on the same day.
Reinsurer B	The reinsurer referred to in paragraph 47 who was misled by the Firm as to the premium and the Brokerage.
Reinsurer C	The reinsurer referred to in paragraph 53 who was misled by the Firm as to the nature of the deductions and the Brokerage earned.
Relevant Period	From 6 February 2020 until 23 March 2023, when the Firm sent the last Manipulated EOC.
Request	The Request made in May 2021 by Client B to the Firm to include in the EOC the Deduction Page.
RIB	Renewal Incentive Bonus.
RPP	The DFSA's Regulatory Policy and Process Sourcebook.
Second Draft RI Slip	A second Draft RI Slip sent to Reinsurer A on 13 February 2020 at which included some changes to the First Draft RI

	Slip prepared by a member of the Team, in particular the premium was taken out of the body of the Slip and a Premium Worksheet was attached at the end of the Slip.
Second Stamped RI Slip	A second Stamped RI Slip sent by Reinsurer A to the Firm on 9 March 2020 which included a 97% share of the Risk.
Stamped RI Slip	The Draft RI Slip signed and stamped by the reinsurer(s) on each of its pages, and sent by the reinsurer(s) to the Team.
Tax	The reinsurance tax payable by the Client in its jurisdiction, if applicable, which could be passed on to the reinsurer and be deducted from the premium. For Client B, the Tax was 5.8% of the premium.
Tax Page	The page of the Draft RI Slip and the Stamped RI Slip setting out the Tax applicable to the placement, if any.
Team	A team composed of two junior brokers reporting to ■■■■■ at any given time during the Relevant Period.
USD	United States Dollar.