Dubai Financial Services Authority

Annual Report | 2019

Contents

Article 11 of the Dubai International Financial Centre (DIFC) Regulatory Law, DIFC Law No 1 of 2004, requires the Dubai Financial Services Authority (DFSA) to provide His Highness Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum, the President of the DIFC, with a written report on the exercise of its powers, the performance of its functions, and its financial activities. The report is to be prepared as soon as reasonably practical each financial year and relate to the previous financial year. This is the DFSA's 16th Annual Report and covers the financial year ended 31st December 2019.

Visit www.dfsa.ae for more information about the DFSA.

H.H. Sheikh Mohammed bin Rashid Al Maktoum

VICE PRESIDENT AND PRIME MINISTER OF THE UAE AND RULER OF DUBAI

H.H. Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum

DEPUTY RULER OF DUBAI AND
PRESIDENT OF DUBAI INTERNATIONAL FINANCIAL CENTRE

ENFORCEMENT

- 102 complaints received in 2019
- 98 complaints finalised in 2019
- 10 enforcement actions taken in 2019
- 7 investigations carried over to 2019 from previous years
- 7 investigations commenced in 2019
- 5 investigations concluded in 2019
- 7 investigations carried through to 2020

INTERNATIONAL RELATIONS

- 5 bi-lateral memoranda of understanding (MoUs) entered into in 2019
- 109 bi-lateral MoUs entered into in total
- 74 regulatory requests made by the DFSA to fellow regulators in 2019
- 65 regulatory requests received from fellow regulators to the DFSA in 2019
- 29 local and international delegations received by the DFSA in 2019

HUMAN RESOURCES

- 159 employees as at 31 December 2019
- 98 regulatory staff, 32% of whom are United Arab Emirates (UAE) Nationals
- 6.7 days training received per employee on average in 2019
- 48 employees undertook leadership development in 2019
- 39 UAE Nationals completed the Tomorrow's Regulatory Leaders (TRL) Programme since its inception in 2006

OPERATIONS

- 33 media releases issued in 2019
- 6 publications issued in 2019
- 7 consultation papers issued in 2019
- 14 stakeholder alerts issued in 2019

2019 Overview

THE FOLLOWING INFORMATION SUMMARISES 2019 ACTIVITIES AND STATISTICS.

SUPERVISION

- 56 firms authorised in 2019
- 501 firms authorised in total (including 3 Credit Rating Agencies (CRAs))
- 562 individuals authorised in 2019
- 2353 individuals authorised in total
- 5 designated non-financial businesses and professions (DNFBPs) registered in 2019
- 112 DNFBPs registered in total
- 16 auditors registered in total
- 131 risk assessments of authorised firms (AFs) conducted in 2019
- 14 risk assessments of DNFBPs conducted in 2019
- 8 risk assessments of registered auditors (RAs) conducted in 2019
- 20 licence variations granted in 2019
- 84 applications received in 2019 (77 AFs, 7 DNFBPs)
- 95 days to decide applications on average in 2019 (AFs only)

STRATEGY, POLICY AND RISK

- 7 consultation papers published proposing changes to the DFSA's policy framework
- 1 outreach session to explain the DFSA's proposals for change to stakeholders
- 7 consultation papers issued by international standard-setters commented on
- 14 surveys and other questionnaires issued by international standard-setters replied to
- 11 queries from local and regional regulators responded to

LEGAL DIVISION AND GENERAL COUNSEL

- 4 Rulebook amendments made by the Board in 2019
- 11 Sourcebook amendments made by the Chief Executive
- 28 rule-making instruments made by the Board in 2019
- 39 waivers and modifications granted in 2019

Statement by the Chairman

Saeb Eigner
CHAIRMAN

It is my pleasure to introduce the DFSA's Annual Report for 2019. The DFSA and the Dubai International Financial Centre (DIFC) had another busy year in 2019, with a number of significant milestones achieved, as well as sustained and steady growth in spite of challenging macroeconomic conditions. I will return to those achievements below, but initially would like to focus on three topics – uncertainty, well-being and vision.

At the time of writing, the world faces a period of great uncertainty due to the spread of the coronavirus (Covid-19) across the globe. While uncertainty is a constant factor in our environment, especially in financial services, the depth of impact of Covid-19 has made the uncertainty all-pervading. This poses challenges for us as individuals, for our families, friends and colleagues, but also for the DIFC, Dubai and the UAE.

The DFSA as an employer is focused on the well-being of our staff and that of the wider DIFC community. Like all organisations, we depend on our people to perform our role. They bring the vitality, intelligence, experience and commitment which is crucial for our effective functioning. We will continue to attach the highest priority to protecting our people and our community.

In times of uncertainty, when it is difficult to see the road ahead, we need one quality above all in our leaders – vision. We are deeply fortunate that the leadership of Dubai and of the UAE continues to demonstrate its vision for the health and prosperity of the country and for the well-being of citizens and residents. The same vision that led to the creation of the DIFC and the DFSA some 16 years ago is now showing us the way forward in dealing with Covid-19 and in planning for a post-pandemic world. This clarity of vision and purpose is helping to dispel the fog of uncertainty.

2019 achievements

Early in the year, the DIFC Authority announced "DIFC 2.0", marking another exciting new chapter for the Centre. This will see the area of the DIFC triple and will enable planning for the next 20 years of development of the Centre.

In September, the DIFC was placed eighth on the Global Financial Centres Index - the Centre's first inclusion within the top 10. This achievement reflects the tireless commitment of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates (UAE) and Ruler of Dubai, to establish Dubai as a world-class financial hub. The dedication and vision of His Highness has been a key driver of the Centre's success over its 16-year history.

The DFSA also reached a milestone of its own, with the authorisation of the 500th active financial services firm in October. This underscores the impressive growth of the Centre and demonstrates the continuing appeal of the DIFC and of Dubai as a place to do business. Our authorisation pipeline remained strong at end-2019 and we look forward to building upon this number in 2020.

During 2019 the UAE took part in the 4th round of Mutual Evaluation by the Financial Action Task Force (FATF). Preparations for this evaluation began at the DFSA in 2017 and have been a high priority since then. During the onsite part of the Evaluation in July 2019, DFSA staff met with the FATF assessors on several occasions. The FATF Plenary discussed the UAE's Mutual Evaluation Report in February 2020 and the Report was published in April, in accordance with normal procedures. Combating and preventing financial crime will, as always, continue to be one of the DFSA's top priorities and we will provide our full support to the UAE in addressing the recommendations made by FATF.

Over the course of the year, the DFSA maintained its focus on innovation and the use of technology. We offered two cohorts for our Innovation Testing Licence (ITL) Programme, to which we accepted eight applicants, with diverse business models. In September, a Property Crowdfunding firm exited the ITL Programme to operate as a fully authorised firm. We are an active member of the Global Financial Innovation Network (GFIN), an international network of regulators who seek to support and further innovation. GFIN undertook a pilot cross-border testing project in 2019, the results of which will be published in 2020, as well as working on regulatory technology projects and sharing information on a wide range of innovation-related issues.

We continue to nurture our talented UAE National team members. I am extremely proud to say they represent 30% of the DFSA's regulatory workforce. As part of their ongoing development, we have put in place a programme of international secondments with regulatory counterparts.

During 2019, we continued our engagement with fellow regulators and supervisors, within the UAE, regionally and internationally. We worked closely with the Central Bank of the UAE, including in relation to the FATF Mutual Evaluation, and to develop further our relationships with the Emirates Securities and Commodities Authority and with the UAE Insurance Authority. Internationally, we met, amongst others, the Governors of the People's Bank of China, the Saudi Arabian Monetary Authority (SAMA), the Central Bank of Bahrain and Banca d'Italia. I had the privilege to sign in Riyadh, with the Governor of SAMA, the first MoU that SAMA has concluded there. Over the year I met fellow Chairs of the UK Financial Conduct Authority, FINMA of Switzerland, the CBIRC of China, the Hong Kong SFC, the Monetary Authority of Singapore, the European Banking Authority and the European Securities and Markets Authority, among others. I also spoke with a number of other colleagues in the US, Europe and Asia. Additionally, we held meetings with some of the Group Chairs and Group CEOs of the global banks and insurance companies that have operations in the DIFC. We look forward to continuing to develop our relationships with other regulatory bodies across the globe and closer to home and continuing to play an active role in relevant international standard-setting bodies.

I would like to thank my fellow board members for sharing their extensive experience and insight over the past year. I would especially like to thank Lord (David) Currie, who stood down from the Board at the end of 2019 after many years of exemplary service, and whose counsel and wisdom we will miss. I would also like to thank the DFSA's Executive team for continuing unstintingly with their hard work and maintaining their commitment to the success of the DFSA.

As I have already noted, the progress of the DIFC and the DFSA is critically dependent on the vision and drive of Dubai's leadership. I would like to extend my sincere thanks to HH Sheikh Mohammed Bin Rashid Al Maktoum for his continued foresight, energy and enthusiasm in developing Dubai as a successful financial hub, and to HH Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum, Deputy Ruler of Dubai and President of the DIFC, for his far-sighted leadership of the DIFC and continuous guidance and support. Finally, I would like to express my gratitude to the DIFC's Governor, HE Essa Abdulfattah Kazim, for his vital and constant support of the DFSA and the excellent development of the DIFC.

Saeb Eigner

Statement by the Chief Executive

Bryan Stirewalt
CHIEF EXECUTIVE

As outlined in our Chairman's statement on page 3, the DIFC was included within the top ten of the Global Financial Centres Index for the first time in September. The DIFC was the only financial centre within the MEASA region to be included in the top 10 rankings. We are proud of this recognition, which underscores the steady growth and development of the Centre. The DIFC now has nearly 2,500 companies within its ecosystem employing almost 25,000 people. This recognition is the result of many people working together toward our common goals. On this note, I would like to thank the DFSA's Board of Directors for their commitment to our organisation and their valuable guidance to our executive team.

In addition to the recognition mentioned above, in October, the DFSA authorised the 500th active financial institution in the DIFC. The DIFC financial services sectors currently includes 33 banks with nearly USD 170 billion in total assets and several billion in trade finance flows. A total 22 of the 29 Globally systemically important banks (G-SIBs) are currently conducting business in or from the DIFC. The DIFC hosts approximately 75 insurance and insurance-related businesses, with a Gross Written Premium figure approaching USD 2 billion. A total of approximately 150 firms are operating in the space of wealth management plus 60 fund managers, with a total of 90 funds. We also have certain regulatory oversight responsibilities with many of the world's top law firms, auditing firms and credit rating agencies practicing here as well. Islamic finance activity within the Centre flourished during the year. The DFSA admitted a total of 12 sukuk to the Official List, in addition to three conventional bonds, with the total value of these securities reaching USD 10.4 billion. The fund sector continued its growth with 66 Fund Managers and 88 Funds established in the DIFC. At a national level, the DFSA is proud to join its regulatory counterparts in implementing the UAE Funds Passporting Protocol in March.

Our 2019/2020 Business Plan published in January, identified delivery, sustainability, engagement and innovation as the four strategic themes to drive our operational and regulatory activities. In parallel to these themes, we focus supervisory attention on financial crime, suitability of products and services and corporate governance. We continue to adhere to international standards for the financial services industry. We have highlighted the DFSA's progress and achievements in these areas in subsequent sections of this Report.

Our workforce grew to match our operational requirements in 2019, now consisting of nearly 170 employees, representing more than 20 different nationalities. We will be changing the makeup of our work force to match the new growth areas of the DIFC, particularly increasing our talent in operational and technology risk and overall corporate governance. We have a gender-balanced work force and this remains a priority for our recruitment efforts. I am very proud to say that our largest single nationality is our growing group of talented UAE Nationals, who now account for more than 30% of our regulatory workforce. This has been, and will continue to be, a key priority for the DFSA as we constantly seek to empower and support young Emirati talent. These young professionals are the resource for sustainable development, growth and for the future prosperity of the DIFC and the United Arab Emirates (UAE).

During the year, our commitment to fostering and supporting innovation within the wider DIFC market continued. We are embracing FinTech and RegTech as part of the future of finance, while being mindful of our role as a regulator in protecting clients and markets. Encouraging and supporting innovation in the Centre goes hand-in-hand with employing the next generation of regulators and bringing a fresh mind-set to financial regulation, as mentioned above. Fostering a culture of innovation enables us to diversify the ecosystem of the DIFC and the types of financial services offered. We are working closely with the DIFC Authority on this future strategy and development and strongly support emerging technologies aligning with the UAE's National Innovation Strategy set out by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, to create an innovation-friendly ecosystem. The DFSA actively supports and engages with SMART Dubai and the Dubai 2021 plan.

Interest in our Innovation Testing Licence (ITL) Programme remained steady during the year with eight applicants accepted into the Programme. A Property Crowdfunding firm exited the Programme in September, becoming the second firm in the ITL's history to operate as a fully authorised firm. The DFSA became a member of the Global Financial Innovation Network (GFIN) in January. Comprised of more than 35 financial services regulators from across the globe, the DFSA plays a leading role as part of the GFIN's Coordination Group and is involved in the Network's cross-border testing.

Internally, our innovation efforts saw us continue with our digital transformation journey, guided by the UAE's National Innovation Strategy. This included utilising technology to streamline and automate procedures and introducing a number of digital application forms for firms. We also introduced a number of cyber security and resilience focused initiatives and further developed our cyber security supervision programme.

In support of the UAE government's efforts to fight financial crime, the DFSA has placed a significant focus on achieving compliance with the international standards issued by the Financial Action Task Force (FATF) for combatting financial crime and terrorist financing, and promoting sanctions compliance. The first half of the year required considerable time, effort and resources across the DFSA to prepare for, and participate in, the onsite evaluation of the UAE by the FATF in July. As part of our focus on combatting financial crime in the Centre, we worked to strengthen our enforcement activity by placing an emphasis on imposing credible deterrents to discourage individuals and firms within our remit from engaging in misleading conduct or breaching our rules. We also updated our forensic technology capabilities to enhance our investigations processes.

Throughout the year we held numerous outreach events to engage with our stakeholders in the DIFC ecosystem. These events centred on topics such as our supervisory practices, dealing with financial crime and performing strong audits. We have also been active with various roundtable events and the publication of reports and thematic reviews. The DFSA continues to be active in its participation with international standard-setters including the Islamic Financial Services Board, the International Forum of Independent Audit Regulators, the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, and the International Organization of Securities Commissions.

In July, we joined the Central Banks and Supervisors Network for Greening the Financial System (NGFS), becoming one of the first regulatory authorities in the Middle East and North Africa (MENA) region to do so. The NGFS aims to strengthen the global response required to meet the goals of the Paris climate agreement and to enhance the role of the financial system to manage risks and to mobilise capital for green and low-carbon investments in the broader context of environmentally sustainable development. In November, alongside a panel of leading UAE authorities and financial exchanges, the DFSA established a Working Group on Sustainable Finance. The Group aims to support positive economic, social and environmental impacts and advocate sustainable finance and investments for the long-term growth of the UAE economy, and reinforces the UAE's commitment to pursuing a sustainable growth pathway set out in initiatives such as the UAE 2021 Vision, the UAE Green Agenda 2015-2030 and the 2016 Dubai Declaration.

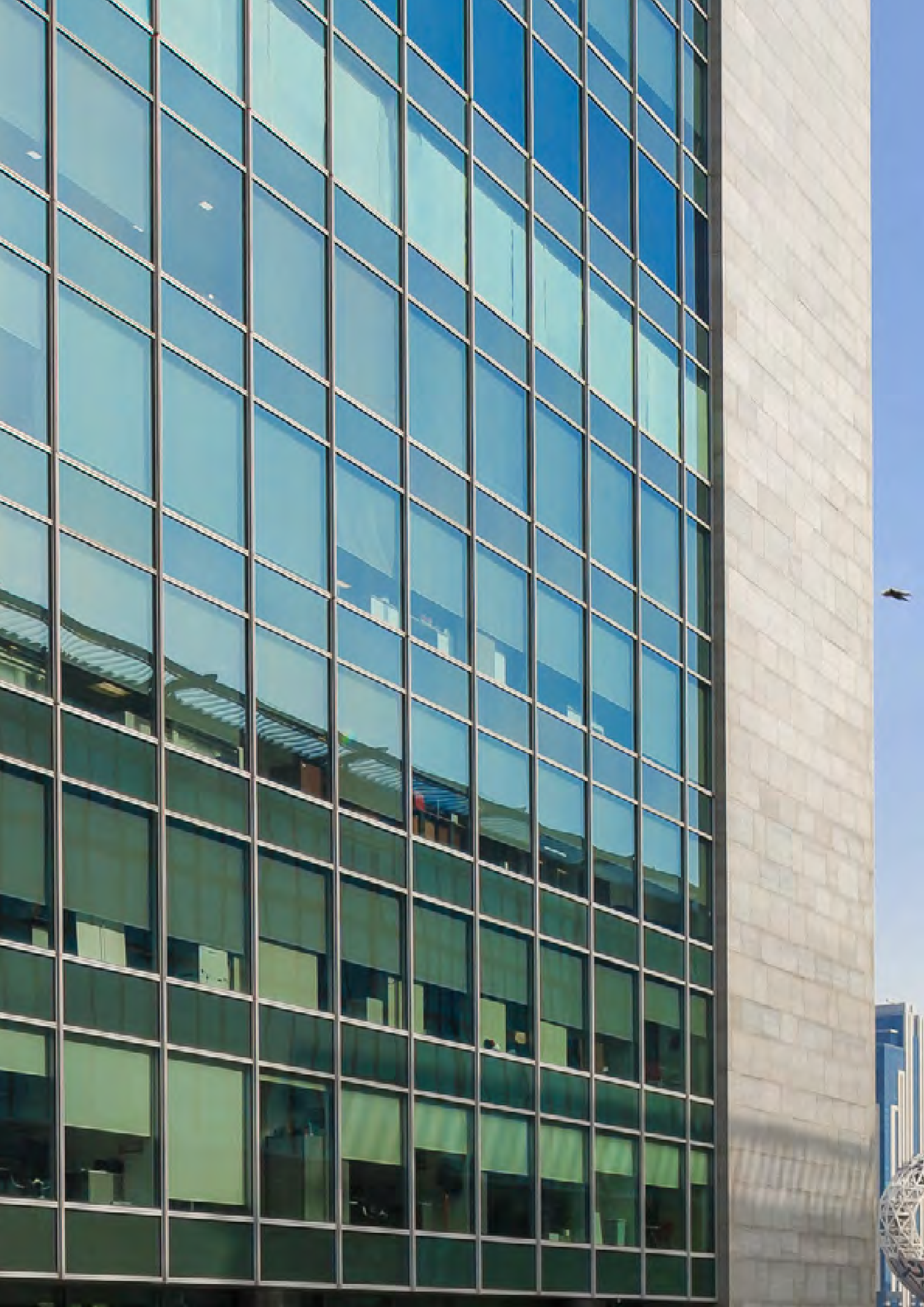
Over the course of the year, we further strengthened our alliances with our international regulatory counterparts, signing MoUs with Morocco's Bank Al Maghrib, the Saudi Arabian Monetary Authority and the Central Bank of Egypt. We also signed an amended MoU with the China Banking and Insurance Regulatory Commission, to specifically include cooperation in the insurance sector, as well as a financial innovation agreement with the Commission de Surveillance du Secteur Financier (CSSF) Luxembourg and signed our first digital MoU to collaborate on organisation-wide smart transformation initiatives spearheaded by Smart Dubai.

As I look back and recap 2019, it is imperative for me to acknowledge how 2020 began in a series of unexpected and unprecedented directions. The scale and level of disruption caused by COVID-19 is set to have a lasting effect on many facets of our lives. Despite operating remotely, it has been very much business as usual across all divisions of our organisation – from authorisations, supervision, policy and enforcement we continue to carry out our daily functions and objectives with barely any disruption at all. Firms in the DIFC have been operating with only 10-20% of their teams, without significant interruption to clients.

As we collectively face the pandemic, the well-being of the firms and their staff within the DFSA and DIFC has been of paramount importance. We will continue to play our part in maintaining stability within our financial centre and emerging from the pandemic and the changes it has brought as a stronger community. With rapid changes underway, the future of finance made significant advancements through technology and innovation. We will adopt to new ways of doing business without compromising on our regulatory objectives of protecting direct and indirect users of financial services; balancing fairness, transparency and efficiency in the market, maintaining financial stability, and protecting the reputation of the financial services industry.

Here in the UAE, we are very fortunate to have an innovative and agile government. The entrepreneurial and innovative spirit of Dubai has always enabled it to grow stronger in the face of adversity and I have no doubt that this will continue under the leadership of His Highness Sheikh Mohammed bin Rashid Al Maktoum. A stable financial sector with clients who feel protected is key to growth in the region. The resilience of Dubai and its ability to refocus itself and change is something we actively support. We look forward to being a part of the "new normal" and continuing our leadership role within the UAE's financial industry.

Bryan Stirewalt



Who We Are

The DFSA

THE DFSA IS THE INDEPENDENT REGULATOR OF FINANCIAL SERVICES CONDUCTED IN OR FROM THE DIFC, A PURPOSE-BUILT FINANCIAL FREE ZONE IN DUBAI, UAE.

The DFSA's regulatory mandate includes asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange, and an international commodities derivatives exchange.

In addition to regulating financial and related services, the DFSA is responsible for supervising and enforcing Anti-Money laundering (AML) and Counter-Terrorist Financing (CTF) requirements applicable in the DIFC to the individuals and firms it regulates.

Our Vision, Mission, Regulatory Approach and Values

OUR VISION

To be an internationally respected regulator, leading the development of financial services through strong and fair regulation.

OUR MISSION

To develop, administer and enforce world-class regulation of financial services within the DIFC.

REGULATORY APPROACH

To be risk-based and to avoid unnecessary regulatory burden.

VALUES

To expect high standards of ethical conduct and integrity from the DFSA and its people.

To demonstrate professionalism, independence, efficiency, leadership, and resolve in the discharge of our responsibilities.

To ensure administrative fairness, consultative process, accessibility, impartiality and accountability in the performance of our functions.

DFSA Objectives

IN DISCHARGING ITS REGULATORY MANDATE, THE DFSA HAS A STATUTORY OBLIGATION TO:

- Foster and maintain fairness, transparency and efficiency in the financial services and related activities carried on in the DIFC;
- Foster and maintain confidence in the financial services industry in the DIFC;
- Foster and maintain the financial stability of the financial services industry in the DIFC, including the reduction of systemic risk;
- 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;
- Protect direct and indirect users and prospective users of the financial services industry in the DIFC; and
- Promote public understanding of the regulation of the financial services industry in the DIFC.

Principles

IN AIMING TO ESTABLISH AND MAINTAIN AN ENVIRONMENT THAT SUPPORTS THE DIFC'S GUIDING PRINCIPLES OF INTEGRITY, TRANSPARENCY AND EFFICIENCY, THE DFSA HAS SET UNCOMPROMISINGLY HIGH STANDARDS IN BUILDING A CLEAR AND FLEXIBLE REGULATORY FRAMEWORK, BASED ON THE BEST PRACTICES AND LAWS OF THE WORLD'S LEADING FINANCIAL JURISDICTIONS.

The result is clear and succinct legislation that is relevant to a modern international financial centre.

The DFSA strives to meet the applicable standards of leading international organisations such as the Basel Committee on Banking Supervision (BCBS), the Financial Action Task Force (FATF), the International Association of Insurance Supervisors (IAIS), the Islamic Financial Services Board (IFSB) and the International Organisation of Securities Commissions (IOSCO).

The DFSA actively participates in international organisations and contributes to their dialogue in areas such as financial services regulation, AML, compliance and Islamic finance regulation. This enables the DFSA and its employees to stay abreast of, and contribute to implementing, international standards within the region.

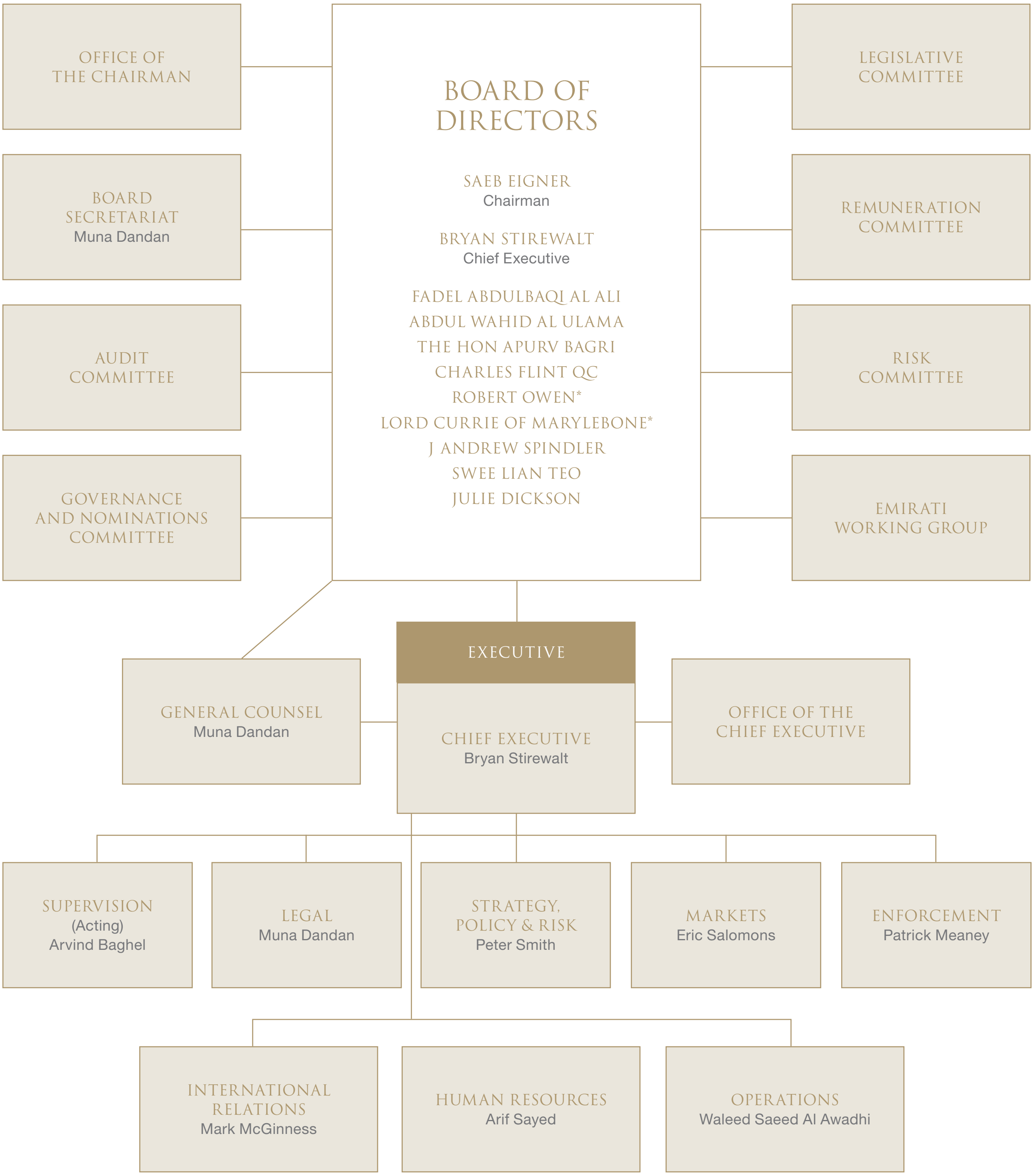
Values and Ethics

THE DFSA VALUES REFLECT THE CORE DIFC OPERATING PRINCIPLES OF INTEGRITY, TRANSPARENCY, AND EFFICIENCY. THESE ARE FIRMLY EMBEDDED IN THE DFSA'S RULES AND PROCEDURES AND INCORPORATED IN THE DFSA CODE OF VALUES AND ETHICS FOR EMPLOYEES.

The Code sets appropriate international best practice standards in relation to the use of regulatory information, conflicts of interest, and the giving and receiving of gifts and benefits. It is designed to complement the conflicts of interest and confidentiality provisions in the Regulatory Law.

The DFSA has also implemented a similar Code of Values and Ethics (available on the DFSA website) appropriate for members of the Board, its committees and the Financial Markets Tribunal (FMT).

DFSA Governance Model



* Retired

DFSA Board of Directors

AN INDEPENDENT BOARD OF DIRECTORS OVERSEES THE DFSA CHIEF EXECUTIVE AND HIS STAFF. THIS ENSURES A TRANSPARENT SEPARATION OF DAY-TO-DAY REGULATORY ACTIVITIES FROM THE OVERSIGHT OF THE DFSA'S REGULATORY PERFORMANCE.

THE POWERS AND FUNCTIONS OF THE BOARD UNDER THE REGULATORY LAW ARE TO:

- Exercise the legislative powers of the DFSA;
- Ensure that the DFSA exercises its statutory powers and performs its statutory functions in accordance with its objectives;
- Make policies relating to the regulation of financial services and related activities;
- Review the performance of the Chief Executive;
- Provide direction to the Chief Executive;
- Appoint members to the Financial Markets Tribunal (FMT);
- Arrange for the DFSA to enter into cooperation arrangements with other regulators;
- Review draft laws and recommend them to the President of the DIFC;
- Review and make rules; and
- Review and issue standards and codes of practice.

IN EXERCISING ITS GENERAL OVERSIGHT OF THE DFSA'S OPERATIONS, THE BOARD'S ROLE INCLUDES:

- Making strategic decisions affecting the future operation of the DFSA;
- Setting appropriate policies to manage risks to the DFSA's operations and the achievement of its objectives and seeking regular assurance that risks are managed in accordance with these policies;
- Maintaining a sound system of financial controls; and
- Providing an accountability mechanism for decisions made by Board committees through periodic reporting.

MEMBERS OF THE DFSA BOARD ARE LEADING LEGAL, BUSINESS AND REGULATORY EXPERTS DRAWN FROM MAJOR INTERNATIONAL FINANCIAL JURISDICTIONS.

All Board Directors are appointed by the President of the DIFC for three-year terms. All Board Directors have entered into a service agreement with the DFSA, which details terms of appointment, duties, remuneration and expenses, confidentiality, conflicts of interest, term and termination and indemnities.

As at 31 December 2019, the Board consists of 11 members and all but the Chief Executive are independent non-Executive Directors. The Board is supported by the Secretary to the Board of Directors who is also the General Counsel.

The DFSA has comprehensive directors and officers liability insurance cover, which the Board considers adequate and appropriate.

The Board, as required under the Regulatory Law, has appointed an FMT and five committees to assist in discharging its functions. These are the Legislative Committee, Governance and Nominations Committee, Audit Committee; Risk Committee and the Remuneration Committee. These committees form a solid foundation for good governance, efficiency and policy formation.

Some committees include members who are not members of the Board, but have particular expertise, which is helpful in carrying out the work of the committees. The Chairman of the DFSA Board is an ex-officio member of all Board committees except the Audit Committee.

The following schedule shows Board member attendance at meetings during the year, with attendance (either in person or by teleconference) shown as a proportion of the number of meetings individual Board members were eligible to attend.

DFSA Board Member Attendance at Meetings in 2019

	Committees						
	Board	Remuneration Committee	Legislative Committee	Governance & Nominations Committee	Audit Committee	Risk Committee	Emirati Working Group
Saeb Eigner	6/6	3/3		3/3		3/3	
Bryan Stirewalt	6/6	3/3	4/4	3/3	4/4	3/3	2/2
Abdul Wahid Al Ulama	6/6		4/4			3/3	2/2
Fadel Abdulbaqi Al Ali	5/6	3/3			4/4		2/2
J Andrew Spindler	6/6			3/3	4/4	3/3	2/2
Lord Currie of Marylebone	6/6	3/3		3/3			1/2
Charles Flint QC	6/6		4/4			3/3	
The Hon Apurv Bagri	6/6	3/3		3/3	3/4		
Julie Dickson	6/6		4/4		4/4		
Swee Lian Teo	6/6			3/3		3/3	2/2
Michael Blair QC			4/4				
Peter Casey			4/4				

DFSA BOARD MEMBER PROFILES
(AS AT 31 DECEMBER 2019)

SAEB EIGNER
Chairman

Click Here for Biography.

BRYAN STIREWALT
Chief Executive

Click Here for Biography.

FADEL ABDULBAQI AL ALI
Board Member

Click Here for Biography.

ABDUL WAHID AL ULAMA
Board Member

Click Here for Biography.

THE HON APURV BAGRI

Board Member

Click Here for Biography.

LORD CURRIE OF MARYLEBONE

Board Member

Click Here for Biography.

CHARLES FLINT QC

Board Member

Click Here for Biography.

ROBERT OWEN

Board Member

Click Here for Biography.

J ANDREW SPINDLER

Board Member

Click Here for Biography.

SWEE LIAN TEO

Board Member

Click Here for Biography.

JULIE DICKSON

Board Member

Click Here for Biography.

DFSA Board Committees

LEGISLATIVE COMMITTEE

The Legislative Committee (LegCo) assists the Board in discharging its policy-making and legislative functions, including the development of the regulatory framework for financial services conducted in or from the DIFC.

The Committee is responsible for the scrutiny of proposed legislative and Rulebook changes, ensuring proper consultation on those changes and recommending to the Board the final form of changes proposed. The Board has the power to make or amend rules, and will recommend primary legislation for enactment by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai.

Legislative Committe members in 2019 were:
• Charles Flint QC (Chairman)
• Abdul Wahid Al Ulama
• Julie Dickson
• Robert Owen
• Michael Blair QC *
• Peter Casey *
• Saeb Eigner **
• Bryan Stirewalt **
• Muna Dandan ***
• Peter Smith ***

* External member
** Ex-officio
*** Executive member

Decisions on the Committee's workload are taken by the Executive in consultation with the Chairman of the Committee. In many instances, the agenda items are the result of the DFSA's commitment to have a regulatory regime that is in line with international standards and developments.

In 2019, the Committee recommended to the Board changes to the DFSA's regulatory regime across a wide range of subjects. These included to:

- introduce Fund Platforms into the DFSA rulebook and to allow for Funds to be managed in the DIFC using such a Platform;
- recognise a new Funds Protocol setting out how domestic funds could be marketed and sold to investors in the United Arab Emirates (UAE). Following the agreement between the Emirates Securities and Commodities Authority, the DFSA and the Financial Services Regulatory Authority (ADGM) to facilitate the passporting of funds between the three jurisdictions;
- allow for Property Investment Crowdfunding, to reflect the increased interest from firms wishing to finance different types of assets, in this case, property;
- enhance the DFSA's processes for making and publicising regulatory decisions, including those made following enforcement investigations;
- introduce a regime for the regulation of Employee Money Purchase schemes, following the announcement by DIFCA of plans to change the arrangements for End of Service Gratuities in the DIFC; and
- introduce a number of miscellaneous changes, in respect of the rules for Suitability.

The Committee agreed to publication of a number of Consultation Papers, the proposals in which were subsequently enacted during 2019. These included consultations on regulatory decision making, Employee Money Purchase schemes and the miscellaneous issues referred to above.

LegCo also agreed to consultations being published on a number of issues, where final proposals for enactment have not yet been brought forward. These consultations covered:

- Provision of Money Services (CP125);
- SME listings (CP129);
- Further miscellaneous issues (CP130);
- Recovery and Resolution (CP131).

In each of the above areas, the DFSA expects to make changes to its regime, by making final rules, during 2020.

Lastly, LegCo were provided with updates on the progress that was being made to create a DIFC Digital Assets regime, and also in respect of the Financial Action Task Force (FATF) Mutual Evaluation of the UAE's regime to counter money laundering, terrorism financing and sanctions violations.

AUDIT COMMITTEE

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities regarding the financial management of the DFSA, the adequacy of its systems of internal controls and the quality of its internal risk management process.

Audit Committee members in 2019 were:
• J Andrew Spindler (Chairman)
• Fadel Abdulbaqi Al Ali
• The Hon Apurv Bagri
• Julie Dickson

During 2019, the Committee reviewed the audit report prepared by external auditors on the Financial Statements for 2018 and discussed this with the auditors. The DFSA's financial statements were assessed as being presented fairly and in accordance with International Public Sector Accounting Standards for the year ended 31 December 2018.

The Committee approved the appointment of a new Head of Internal Audit during 2019. This has enhanced the skills and experience within the internal audit function, helping to ensure that it has developed in line with the increasing size and complexity of the DIFC as a leading international financial centre.

During the year, the internal audit function conducted a maturity assessment of the DFSA's ethics programme and a review of the DFSA's disaster recovery arrangements. It also completed a comprehensive follow-up of an earlier review of the implementation of the DFSA's risk tolerance within the risk-based supervisory approach.

In addition, the Committee engaged a third-party to provide an independent assessment of the DFSA's IT security framework against relevant international best practices. The Committee also oversaw an independent third-party review of the DFSA's Health, Safety & Environment arrangements.

The Committee reviewed the draft budget for 2020 prepared by the Executive and recommended it for approval by the Board.

RISK COMMITTEE

The primary function of the Risk Committee (RiskCo) is to assist the Board in identifying and assessing external and internal risks that could affect the DFSA's ability to meet its regulatory objectives and/or could impact negatively on the DFSA's reputation. The Committee also assists the Board in considering risk mitigation measures and monitoring their implementation.

Risk Committee members in 2019 were:
• Robert Owen (Chairman)
• Fadel Abdulbaqi Al Ali
• Abdul Wahid Al Ulama
• Charles Flint QC
• Swee Lian Teo
• Saeb Eigner *
• Bryan Stirewalt *

* Ex-officio

During 2019, the Risk Committee held three meetings, at which it carried out the following regular activities:

- Debated current macro level and global issues and considered the extent to which these issues might impact on the DFSA or the development of the DIFC;
- Reviewed ongoing efforts by the DFSA to mitigate the main (non-firm specific) risks that it faces, as set out in the 2019 Risk Inventory, covering mitigating actions already in hand or planned, the level of residual risk the DFSA is exposed to, and whether supplemental measures should be adopted in relation to particular risks;
- Reviewed the proposed 2020 Risk Inventory, prepared by the Executive, to determine which (non firm specific) risks should be considered the highest priority risks that the DFSA faces;
- Reviewed the DFSA's 2019 Risk Tolerance Statement, with support from the Executive. This is used to guide the Executive in their business planning and day-to-day decision-making. This involved canvassing the opinions of Board members concerning the extent of their concern about a variety of real or hypothetical scenarios; and
- Updated the Board's summary of the top broad risks facing the DFSA, also designed to guide decision making by the Executive.

The Committee also discussed, during 2019, the further development of the DFSA's risk culture. Such discussions have focused on various initiatives the Executive has put in place to enhance the way risk is identified, assessed, mitigated and monitored within the organisation. These initiatives aim to strengthen our risk-based approach to regulation and equip DFSA staff with better tools and processes to address risk issues.

The Committee also considered the DFSA's approach to effective crisis management, covering both regulatory and operational crises. This included consideration of a review into crisis management by the Executive and the recommendations therein. Further work on enhancing the DFSA's approach to crisis management will be undertaken in 2020.

GOVERNANCE AND NOMINATIONS COMMITTEE

The primary function of the Governance and Nominations Committee is to assist the Board in fulfilling its supervisory responsibilities in respect of the operations of the Board, to make recommendations to the Board in terms of new Board members, and to develop a succession programme. The Committee also develops and recommends to the Board a set of corporate governance principles.

Governance and Nominations Committee members in 2019 were:
• The Hon Apurv Bagri (Chairman)
• Lord Currie of Marylebone
• J Andrew Spindler
• Swee Lian Teo
• Bryan Stirewalt
• Saeb Eigner *

During 2019 the Committee managed the process of identifying a potential candidate to replace Lord Currie, who retired from the Board at the end of 2019, as a Non-Executive Director. The Committee engaged an international firm of head-hunters, which conducted a lengthy and extensive global search for suitable candidates.

The Committee also assessed the Board's requirements for external advisers and made recommendations to the Board in this regard.

In addition, the Committee oversaw the recruitment of a new Managing Director to lead the Supervision Division, following the appointment of Bryan Stirewalt, who formerly held that role, as Chief Executive.

The Committee also reviewed and considered the operation of certain sections of the DFSA's Code of Values and Ethics.

REMUNERATION COMMITTEE

The primary function of the Remuneration Committee is to make recommendations that will assist the Board to discharge its responsibilities relating to Human Resources. The Committee's remit includes matters concerning remuneration and performance and policies applicable to the DFSA Board, Executive and staff.

Remuneration Committee members in 2019 were:
• Lord Currie of Marylebone (Chairman)
• Fadel Abdulbaqi Al Ali
• The Hon Apurv Bagri
• Bryan Stirewalt (Chief Executive)
• Saeb Eigner *

* Ex-officio

During 2019, the Committee made recommendations to the Board on adjustments to the remuneration of the senior management team, and on the overall distribution of salary adjustments for 2019, following a detailed and comprehensive review of the DFSA's remuneration structure and remuneration positioning strategy. This included a comprehensive review of market conditions including deflationary trends and local practice. The Committee also made recommendations to the Board on the level of bonuses for DFSA employees reflecting performance in 2018. The Committee also considered and approved amendments to HR policies needed as a consequence of the 2019 DIFC Employment Law, DIFC Law No. 2 of 2019 and other policy amendments.

Sadly, the Remuneration Committee bade farewell to its Chairman, Lord Currie of Marylebone who had been a long-standing member of the Committee and Chairman since July 2012. The Committee and the DFSA Chairman, Mr Saeb Eigner thanked Lord Currie for his contribution and leadership over the years.

The Committee reviewed progress and use of approved resources for the development of UAE National talent through the Taqadum and TRL Programmes. The Committee also considered during the year a range of other Human Resources matters, including talent development, succession planning, budgets and headcount.

EMIRATI WORKING GROUP

The Emirati Working Group is a vehicle through which the Board seeks to promote the development of UAE National employees, and through which it oversees the TRL Programme, which has been designed to develop young UAE Nationals.

During 2019, membership of the Working Group included selected Board members and members of senior management as follows:
• Abdul Wahid Al Ulama (Chairman)
• J Andrew Spindler
• Fadel Abdulbaqi Al Ali
• Lord Currie of Marylebone
• Swee Lian Teo
• Muna Dandan (Dean of the TRL Programme)
• Waleed Saeed Al Awadhi *
• Arif Sayed *

* Executive Member

During 2019, the Emirati Working Group supported the talent development of UAE Nationals in the DFSA and advised on the launch of a new initiative to develop UAE Nationals within the support and operations areas of the business as well supporting DFSA's efforts to arrange reciprocal secondments with other regulatory agencies. The Chairman periodically engaged with UAE nationals throughout the year about various aspects of employee engagement and enhancing the employee experience.

Sadly, the Emirati Working Group bid farewell to Lord Currie of Marylebone who had been a member since its formation in 2012. The Working Group and its Chairman, Abdul Wahid Al Ulama thanked Lord Currie for his contribution over the years.

FINANCIAL MARKETS TRIBUNAL

The Financial Markets Tribunal (FMT) is a tribunal created under the Regulatory Law 2004 to hear and determine any reference, that is, to review a decision of the DFSA, where DIFC legislation provides that a matter may be referred to the FMT for review.

The FMT also has jurisdiction to hear and determine any regulatory proceeding, where DIFC legislation provides that such a proceeding may be commenced before the FMT.

A decision of the FMT may, with permission from the FMT or DIFC Court, be appealed to the DIFC Court on a point of law.

The FMT's members are appointed by the DFSA Board of Directors, but it is operationally independent of the Board and the DFSA Executive.

FMT members in 2019 were:
• His Honour David Mackie CBE QC (President)*
• Ali Malek QC*
• Bankim Thanki QC*
• Jeremy Gauntlett SC*
• Patrick Storey*
• Ali Al Aidarous*
• Ali Al Hashimi*

* Refer to the DFSA website for their corporate profiles

In 2019, the FMT considered references of eight DFSA decisions. Two matters were carried over from 2018 and six new matters were referred to the FMT during 2019. One reference was dismissed in May 2019, one matter was decided in August 2019 after a full hearing and the remaining six are yet to be heard. In the decided matter, which had been running since July 2017, the subject applied for permission to appeal against the FMT's decision. The DIFC Court refused the application for permission to appeal and the FMT's decision was published in December 2019.

DFSA Executives

BRYAN STIREWALT

Chief Executive

Click Here for Biography.

WALEED SAEED AL AWADHI

Chief Operating Officer

Click Here for Biography.

PETER SMITH

Managing Director

Click Here for Biography.

MUNA DANDAN

General Counsel and Secretary to the Board,
Head of Legal Affairs

Click Here for Biography.

MARK MCGINNESS

Director, Head of International Relations

Click Here for Biography.

PATRICK MEANEY

Head of Enforcement

Click Here for Biography.

ERIC SALOMONS

Director, Head of Markets

Click Here for Biography.

ARIF SAYED

Director, Head of Human Resources

Click Here for Biography.

JUSTIN BALDACCHINO

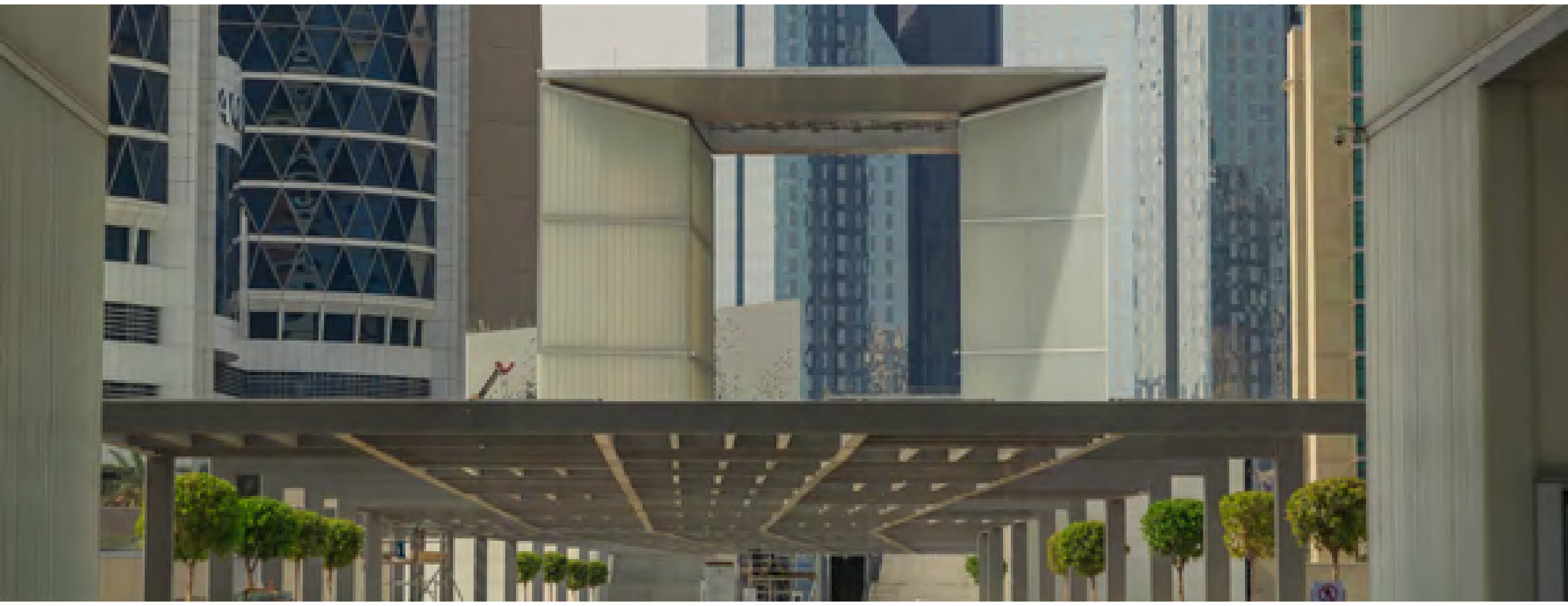
Managing Director, Supervision

Click Here for Biography.

What We Do

Key DFSA-Wide Initiatives

THIS SECTION HIGHLIGHTS THREE KEY INITIATIVES IN WHICH THE DFSA HAS COOPERATED INTERNALLY, ACROSS DIVISIONS, SO AS TO FOCUS TIME AND RESOURCES IN CONTRIBUTING TO THE WORK OF THE INTERNATIONAL STANDARD-SETTERS, BUILDING THE INNOVATION ECOSYSTEM AND FURTHERING THE DEVELOPMENT OF UAE NATIONAL CAPABILITY. THESE INITIATIVES HAVE PERMEATED THE ORGANISATION AND HELPED TO DETERMINE KEY DFSA-WIDE ACTIVITIES FOR 2019.



STANDARD-SETTERS

DFSA'S INVOLVEMENT

The DFSA operates a regulatory regime that embraces and implements international standards in a manner proportionate to the size and activities of the DIFC firms. This allows us to provide a business-friendly regime in the DIFC, so that firms have a stable, predictable and globally-recognised framework in which to establish and develop their businesses.

As in previous years, a key aspect of the DFSA's work in 2019 was to contribute to shaping the development of international standards and to ensure that they reflect the needs of jurisdictions such as the DIFC. Our involvement with the main international standard-setters included our direct participation in their work as set out below. We have also contributed to the work of various bodies by completing over 15 surveys, two formal public consultations, as well as over 15 informal consultations at the drafting stage of the standards.

In 2019, we also provided assistance to regional regulators and responded to several requests to share experience and best practice posted via the Knowledge Sharing Platform hosted by the International Organization of Securities Commissions (IOSCO), which brings the total number of our contributions in the past few years to well over 20.

BANKING

The DFSA's Chief Executive, Bryan Stirewalt, co-chairs the Basel Consultative Group (BCG). In this role, he is also an observer on the Basel Committee for Banking Supervision (BCBS). The BCG provides a forum for deepening the BCBS's engagement with supervisors by facilitating dialogue with non-member countries on new BCBS initiatives early in the process.

During 2019, the BCBS completed its post-crisis standard making by issuing a few remaining standards which are now published in a consolidated form on the BCBS website. The BCBS also consulted on several draft standards as well as carrying out its regular monitoring of standards implementation through its exercises such as the Regulatory Consistency Assessment Programme. The DFSA contributed to standards development through our provision of formal and drafting-stage comments on a number of proposed standards.

INSURANCE

In the insurance sector, Peter Smith, Managing Director, Strategy, Policy & Risk, represents the DFSA on the Policy Development (previously the Financial Stability and Technical) Committee of the International Association of Insurance Supervisors (IAIS). Owing to this, the DFSA continued to influence the IAIS's efforts to increase policyholder protection and maintain financial stability.

The result of these efforts was the IAIS publication of:

- The Common Framework (ComFrame) for the Supervision of Internationally Active Insurance Groups, in November 2019, which includes the Insurance Capital Standard (ICS v2.0) for a five-year monitoring period starting from 2020;
- The Holistic Framework for Systemic Risk in the Insurance Sector, setting out a new approach to the assessment of systemic risk through a focus on the activities that insurers conduct; and
- Revised Insurance Core Principles (ICPs).

This last aspect of the IAIS efforts also featured contributions from the DFSA. Mr Smith was also a member of the Supervisory Material Review Task Force, which reviewed the drafting of several of the ICPs and oversaw the consistency of all of the IAIS's supervisory publications until end of 2019, when it effectively fulfilled its mandate with the publication of ComFrame.

The DFSA also contributed to developing standards on the recovery and resolution of insurers and to addressing risks to the insurance sector from cyber threats, technology and climate change, with several of these efforts still ongoing.

The DFSA's Director, Head of International Relations, Mark McGinness, is a member of the IAIS MMoU Signatories Working Group, which assesses applications to become a signatory to the IAIS MMoU, which the DFSA signed in 2010. The IAIS MMoU is not mandatory for its members but some 70 jurisdictions, approximately half the membership and amounting to almost 75% of global insurance premiums, have become signatories. This initiative ensures a consistent and growing network facilitating exchange of information between insurance supervisors.

Mr McGinness is also a member of the Standards Assessment Working Group established to oversee the assessment of implementation of the IAIS' supervisory material. This Group's mandate includes establishing and overseeing Expert Teams conducting assessments, reviewing and approving reports by Expert Teams.

The DFSA also participates in IAIS regional committee meetings, where relevant.

SECURITIES AND MARKETS

The DFSA is a Member of the International Organization of Securities Commissions (IOSCO) and sits as a member on the Steering Committee of IOSCO's Growth and Emerging Markets (GEM) Committee. In the latter role, we assist in identifying issues, highlighting concerns, and shaping the development of Emerging Markets securities markets, which account for two-thirds of IOSCO's membership. Innovation, sustainability and cyber resilience were the key issues for the GEM Committee in 2019.

Much of IOSCO's work takes place in its policy committees, and the DFSA participates in some of them:

- The DFSA's Head of Markets, Eric Salomons, is a member of Committee 2 on Secondary Markets, (Committee 2) and Committee 7 on Derivatives. In 2019, Committee 2 focused on several areas including liquidity provision in secondary markets and market data, and completed a substantial mandate on regulation of crypto assets trading platforms and clock synchronisation for trading venues. Committee 7's mandate covers reviewing the IOSCO principles for commodity derivative markets.

- The DFSA's Enforcement division participate in the Committee on Enforcement and Cooperation (Committee 4) and the MMoU Screening Group. Committee 4 focused on emerging digital threats, measuring deterrent effect and enforcement of monetary penalties in overseas jurisdictions. The Screening Group continued to assess applicants to become signatories to the IOSCO MMoU and those seeking admission to the Enhanced MMoU (EMMoU). The DFSA signed the EMMoU in the course of 2019;

- Mark McGinness is a member of the Assessment Committee and Implementation Task Force Sub-Committee, which reviews and updates the IOSCO

Principles and the methodology facilitating their effective implementation. He acts as the chair of the Committee's Suitability Review Team; and

- Mark McGinness, together with the DFSA's COO, Waleed Al Awadhi, participate in IOSCO's Africa and Middle East Regional Committee (AMERC).

In addition, as part of the DFSA's IOSCO involvement, we participate in conference calls of the IOSCO Initial Coin Offering (ICO) Network, a loose cross-committee grouping of interested members who regularly discuss issues and challenges in the ICO and digital asset area.

Lastly, the DFSA is also an observer at the Union of Arab Securities Authorities, a regional forum of Arabic-speaking securities and markets regulators.

ISLAMIC FINANCE

The DFSA actively contributes to the development of the Islamic finance industry, in general, and to the development and implementation of global standards for Islamic finance.

The most important avenue for the DFSA's contribution has been our participation in the work of the Islamic Financial Services Board (IFSB). The DFSA is a Full Member of the IFSB and is usually represented at all meetings of the IFSB Council. The DFSA was actively involved in IFSB work throughout 2019, responding to a number of public and informal consultations and also to close to ten survey requests. Since early 2019, Anita Wieja-Caruba, Senior Manager, Strategy, Policy & Risk, is representing the DFSA at the IFSB Task Force to draft a Technical Note on Recovery and Resolution of institutions offering Islamic financial services, expected to complete its work in 2021.

In addition, the DFSA's Basheer Ahmad, Senior Manager, Markets, joined the Sukuk Al-Ijarah Documentation Standardisation Working Group organised by the International Islamic Financial Market.

The DFSA also continued its membership of the Islamic Finance Consultative Group (IFCG) of the International Accounting Standards Board (IASB), through the involvement of Naweed Lalani, Director, Supervision.

AUDIT

In the area of audit, the DFSA was, as in previous years, actively involved in the International Forum of Independent Audit Regulators (IFIAR), where Naweed Lalani chairs the Smaller Regulators Task Force.

In addition, the DFSA contributed to IFIAR's Annual Inspection Workshop, which provided technical training to more than 100 participants from 40 jurisdictions. The DFSA has also supported a number of regional and international regulators in establishing audit oversight divisions.

SUSTAINABLE FINANCE

With the intensification of efforts to implement the UN's Sustainable Development Goals (SDGs) adopted in 2015, the DFSA has joined several networks and bodies engaged in pursuing these goals.

In June 2019, the DFSA joined the Network for Greening the Financial System, which brings together financial regulators and central banks across the world and has several work streams to operationalise the embedding of climate change risk into regulatory rulebooks. The DFSA's Anita Wieja-Caruba participates in the work of joint Work Streams 1 and 2, which are in the process of formulating material for supervisors on the identification, assessment and mitigation of climate change risks in financial institutions such as banks.

In November 2019, the DFSA joined the Sustainable Insurance Forum, which focuses on addressing challenges facing the insurance industry resulting from climate change and the transition to a more sustainable economy in line with the SDGs.

FATF AND OECD ENGAGEMENT

The DFSA continued with its preparation for the FATF Mutual Evaluation of the UAE, the onsite part of which took place in July 2019. The DFSA and a number of financial institutions and Designated Non-Financial Business and Professions (DNFBPs) met with the FATF assessors on several occasions during the onsite Mutual Evaluation visit.

The UAE FATF Project Management Office led and coordinated the UAE's submissions and ongoing contributions to the FATF Mutual Evaluation. The FATF Plenary will discuss the UAE's Mutual Evaluation Report in February 2020. The mutual evaluation report is expected to be published by April 2020, in accordance with normal procedures.

The DFSA understands that our efforts to combat financial crime must be carried out under the AML/CTF framework of the UAE and in collaboration with our regulated community and with other government authorities. Given this background, we continue to engage with our regulated population to help them understand, and act in compliance with, UAE Federal AML Laws. We have shared the 2019 UAE National Risk Assessment with our regulated population and we are using the National Risk Assessment to update our own financial crime prevention programme.

We are working closely with other UAE authorities and we actively participate on UAE AML related committees including as a member of the UAE's National Committee for Combating Money Laundering and the Financing of Terrorism and Illegal Organisations; and as a member of both the UAE National Risk Assessment Sub-Committee and the Financial Institutions Supervisors Sub-Committee.

In addition to the Mutual Evaluation of the UAE by FATF, we remain committed to help the UAE fulfil its obligations as part of the international community. In particular, there are ongoing evaluations of the UAE by the Organisation for Economic Cooperation and Development (OECD) in respect of compliance with international taxation standards.

The UAE is currently a member of both the OECD Global Forum for the Exchange of Information for Tax Purposes (OECD Global Forum) and the OECD Inclusive Framework on Base Erosion and Profit Shifting (OECD BEPS). The OECD Global Forum has 147 member countries and the OECD BEPS has around 130 members. For the purposes of the UAE, the Ministry of Finance (MoF) is leading the UAE's efforts on compliance with relevant OECD tax related standards.

The OECD Global Forum has oversight over those countries that have committed to the bilateral exchange of information for tax purposes (EOIR) and those countries that have committed to the automatic exchange of information for tax purposes (Common Reporting Standards – CRS).

The OECD BEPS has oversight over those countries that have committed to address tax planning strategies that exploit gaps and mismatches in tax rules to shift profits artificially to low or no-tax locations where there is little or no economic activity, resulting in tax avoidance. In particular, when taxpayers see multinational corporations legally avoiding income tax, it undermines voluntary compliance by all taxpayers.

In January 2019, the DFSA participated in an assessment of the UAE conducted by the OECD Global Forum. This exercise resulted in the publication of a report in November 2019 on the UAE's compliance with such standards.

The UAE will also be subject to future assessments by the:

- OECD Global Forum on the implementation of the Common Reporting Standards (CRS – automated exchange of taxation information); and
- OECD BEPS focusing on legislation issued by the UAE to address economic substance regulations and country by country reporting requirements for multi-national companies.

In respect of the DIFC, the DIFC Registrar of Companies is primarily responsible for engaging with the Ministry of Finance on compliance by all relevant entities in the DIFC with any applicable UAE and DIFC legislation implementing OECD tax related standards. The DFSA will continue working closely with the DIFC Registrar of Companies to encourage relevant DFSA regulated entities to comply with such legislation.

DFSA AND INNOVATION

INTRODUCTION

The financial services sector is one of the largest users of digital technologies, utilising solutions such as digital identification, mobile applications, artificial intelligence, distributed ledger technology, and cloud technology.

These solutions have rapidly transformed the way customers access financial services. It has also changed the way in which the sector conducts its business to ensure they are meeting the changing needs of their customers.

These developments present benefits to consumers, such as improving financial inclusion, access to a wider range of financial products and greater convenience. But they are not risk free. There are risks related to data privacy, mis-selling and a general lack of consumer understanding of how these new products and services work. There are also direct risks to the financial sector, such as legal and regulatory uncertainty. Cyber security, money laundering and financing of terrorism are also major areas of concern.

The DFSA recognises the important role innovation and technology is playing to enable a wider range of financial services business models, products and services and has spent much time over the past three years supporting these developments. However, we also recognise the key role we have to play in order to give a clear regulatory direction for firms providing, and for consumers accessing, these innovative products and services, while at the same time ensuring our regulatory objectives are met.

So, what has the DFSA done in 2019 in order to support innovative developments in the sector while at the same time ensuring that our regulatory objectives are met?

INTERNAL DEVELOPMENTS

The responsibility for developing the DFSA's approach to innovation primarily lies with the Strategy, Policy and Risk team. But, given the cross-cutting nature of this area, many other divisions within the DFSA support, and lead, various parts of the DFSA's Innovation Programme.

In 2018, the Operational Risk and Technology Risk Team, sitting within the Supervision Division, was established with, amongst other goals, the purpose of running the DFSA's Innovation Testing Licence (ITL) (a key element of our Innovation Programme), providing bespoke supervision to this sector, as well as addressing business technology and cyber risks. In 2019, the number of staff in this team doubled so that we can continue our focus on ensuring robust supervisory measures are put in place to ensure consumer protection, market integrity and financial soundness in the sector. We expect this team will continue to grow over the next few years, as we license more firms interested in this sector.

In 2019, extensive work was carried out to establish policies and procedures to support our Innovation Programme and to provide external stakeholders with certainty in respect of the DFSA's approach to innovation and regulation, including how the ITL process would be run. This has been a huge success, and the DFSA has received favourable feedback from firms that have approached us. Much time has also been spent sharing these policies and procedures, and our learnings in this area, with other regulators in the region and further afield, while at the same time looking to learn from their experiences.

EXTERNAL DEVELOPMENTS

The DFSA spent much time and effort in 2019 engaging with external stakeholders. We have continued our role in the Global Financial Innovation Network (GFIN), leading the production of the "GFIN – One Year On" report, which highlighted the efforts of the international community of regulators in driving and supporting innovation in the financial services sector. We have also led work on developing the GFIN website, which is due to go live in early 2020, and participated in the pilot GFIN cross-border trials, in which GFIN members worked together to provide efficient ways for innovative firms to engage with regulators to test their products and services across multiple jurisdictions.

The DFSA continues to receive many requests from local and regional regulators asking for advice about how to create and implement innovative regulations and frameworks that would allow them to foster possibilities provided by the use of innovation in the sector. We have built a programme that allows us to share DFSA experiences in this area and help these regulators build their own innovation programmes.

Closer to home, we continue to work alongside the DIFC FinTech Hive, and with the firms that participate in the programmes they run. In 2019, we provided support to their third accelerator programme, which saw 33 firms from across the world accepted. We met with each firm to determine what support the DFSA could provide to them, both in a regulatory and non-regulatory sense. We will continue to be proactive in our engagement with the DIFC FinTech Hive in 2020 and support their initiatives.

In 2019, the DFSA attended and spoke at a number of conferences and summits to discuss innovative regulatory and policy developments in the DIFC, and how the DFSA was responding to those developments. We continue to receive many requests, both locally and globally, to speak on this topic. We are seen as a respected and trusted regulator who provides a balanced and realistic view of both the opportunities and challenges in allowing for the adoption of technology in the sector.

WHAT NEXT?

The DFSA continues to evaluate our approach to supporting innovative developments. In 2020, we will be working on a further engagement plan for those technology providers who do not need to be regulated, in order to make sure that the DFSA's engagement with this sector supports the further development of the DIFC and Dubai innovation ecosystem. We also want to be clear with these firms and to set expectations on how and where we can help.

We will be working on developing expertise and talent in a number of areas, for example, payment services, distributed ledger technology and artificial intelligence, in order to have the necessary knowledge and skills required to regulate and supervise these innovative business models effectively.

Lastly, we will be launching a new Innovation section on the DFSA's website, in order to further describe the DFSA's role in this area as well as to provide to external stakeholder's updates on the work we are carrying out.

DEVELOPMENT OF UAE NATIONALS

The DFSA maintains a strong commitment to the development of UAE Nationals. In 2019 this was achieved at both graduate, technical and leadership levels. Our Tomorrow's Regulatory Leaders Programme (TRL) continued to develop five Associates through a mixture of on-job experience, workshops, secondments and professional qualifications with the assistance of an international pool of coaches, trainers and mentors.

Through the Taqadum Programme, UAE Nationals received stretch assignments and the opportunity to travel to overseas seminars and conferences and engage in development and career discussions with their managers and HR. The Programme has the aim of broadening the skillsets of our UAE Nationals from both a leadership and technical perspective, while building knowledge of financial markets and regulation remain

at its core, the DFSA believes that the programme should equip our future leaders with the ability to offer a multitude of perspectives to the organisation to ensure its objectives remain relevant. To foster an organisational perspective UAE Nationals are also invited to participate in various HR initiatives.

As a consequence, UAE Nationals were able to attend leadership programmes at Queen's University Canada and the Singularity University, USA. Others Nationals completed the Chartered Management Institute Diploma in Management and Leadership.

Another development of the Taqadum Programme that gained traction in 2019 was the arrangement of international secondments for UAE Nationals. Its aim is to provide secondees international exposure to other regulatory agencies and organisational cultures. The DFSA hopes to be able to place a number of Taqadum participants internationally in the next few years.

2019 Divisional Initiatives

THE GENERAL COUNSEL AND LEGAL DIVISION

During 2019, members of the Legal Division, reporting to the General Counsel, were responsible for drafting the legislation required to implement all of the policy initiatives set out under the Policy and Strategy divisional initiatives. The Division advised the operational divisions on the supervision and enforcement of the Laws and Rules administered by the DFSA, and on the application of legislation and associated jurisdiction issues. The Division managed the review of draft Federal and Dubai legislation and provided comments to the Supreme Legislation Committee. The Division also provided advice on complex authorisation queries, complex cross-border group structures and data related matters.

The Division processed a number of waiver applications through the Rules and Waivers Committee and provided legal and administrative support to the Decision Making Committee in respect of several matters in 2019.The Division was also responsible for reviewing and advising upon various contracts and insurance policies.

In 2019, eight DFSA decisions were referred to the Financial Markets Tribunal (FMT) for review. During 2019, one reference was dismissed and one matter was decided after a full hearing. The Legal Division has been responsible for managing the litigation on behalf of the DFSA in the proceedings before the FMT. The Division has also represented the DFSA in the DIFC Courts, including in respect of permission to appeal against an FMT decision and in proceedings involving a data protection matter. The General Counsel also represented the DFSA on the DIFC Courts' Users' Committee and DIFC Courts' In-House counsel committee.

In addition to managing and supervising the activities of the Legal Division, the General Counsel provided advice to the Board of Directors and its committees in respect of governance and legal issues in 2019.

Finally, the General Counsel performed the role of Board Secretary in managing the business of the Board and its committees, including preparing meeting agendas and drafting papers for consideration by the Board, as well as preparing meeting minutes and maintaining registers of Board members' affiliations and other disclosures.

STRATEGY, POLICY AND RISK

POLICY

During 2019 the Strategy, Policy & Risk (SPR) Division completed a number of key policy projects, including:

- working with the DIFC Authority to complete proposals in relation to Employee Money Purchase Schemes (EMPS). These proposals covered the regulatory treatment of those wishing to be operators and/or administrators of EMPS, in support of the DIFC Authority's plans to update the provision of employee end of service gratuities in the DIFC.

- completed changes to our Funds regime to introduce Fund Platforms and to allow for managing Funds via such Platforms in the DIFC, as well as to make changes to recognise a new Funds Protocol for the marketing and selling of funds in the UAE. This latter change was in response to an agreement reached between the Emirates Securities and Commodities Agency (ESCA), the DFSA and the Financial Services and Regulatory Authority (FSRA) of the Abu Dhabi Global Market (ADGM); and

- completed a new regime to allow for Property Investment Crowdfunding, reflecting the increased interest from firms wishing to finance different types of assets, in this case, property.

We continued to make smaller, but still important, changes to the DFSA regime through the publication of Miscellaneous Consultation Papers. 2019 saw the making of rules consulted on in CP122 (published in December 2018) and CP127 (published in August), and the issuing of CP130 (published in December). These covered a wide range of policy topics, including Suitability, the DFSA's financial reserves, crowdfunding, property funds, and arranging and advising on credit.

Lastly, a number of other Consultation Papers were published during 2019. These included CP125, "Money Services," to allow firms to provide a range of activities in relation to Money Services to be conducted in or from the DIFC, CP126, "Decision Making," to enable decisions taken by the DFSA to be carried out in a more efficient manner, CP 129, "SME Listings", to permit Small or Medium-sized (SMEs) to list their shares on an Authorised Market Institution in the DIFC, and CP 130 "Recovery and Resolution," to establish a comprehensive framework to allow the DFSA to improve measures in relation to Recovery and Resolution in the DIFC. This latter work built on the Discussion Paper published in late 2017, where we discussed our plans for a potential regime in this area.

A number of other projects are in progress and at varying stages of the policy development process. Firstly, under the overall heading of 'Innovation' we are considering our approach to the regulation of digital assets (including crypto-currencies and tokenised securities), including looking at the trading, storage, and marketing of these instruments. Secondly, we are reviewing our regime for the holding and control of client assets, so that we can be confident that our regime continues to require the appropriate degree of protection for clients of DFSA-regulated firms. Thirdly, we are looking at the effectiveness of the DFSA's approach to compliance framework and the allocation of compliance responsibilities within firms, and are in the process of completing a discussion paper in this area.

The SPR team contributed to the development of international standards for financial services regulation in 2019, with staff involved in the activities of various committees of the International Association of Insurance Supervisors. In addition, we have:

- strengthened our relationships with other regulators, particularly within the region, by sharing expertise;
- monitored consultations issued by international standard-setters and submitted comments on behalf of the DFSA; and
- participated in surveys, including peer review exercises, carried out by international organisations.

RISK FRAMEWORK

The SPR Division manages and develops the DFSA's framework for assessing regulatory risks, conducting exercises to establish the organisation's risk tolerance for firm-specific risks and to review the risk inventory of significant (non-firm specific) risks.

For the Risk Inventory, a mitigation plan is put in place for each risk identified. Progress against this is reported twice a year to SPR. This is discussed and challenged internally, with regular reporting to Board committees on particular risks, as noted under the report of the Risk Committee.

In regards the DFSA's Risk Tolerance, this is communicated to staff and guides decision making, including prioritisation of issues and resource allocation, in the day-to-day supervisory and regulatory activities of the DFSA. To embed our Risk Tolerance further across the organisation and so that our approach to risk-based regulation/supervision is appropriate, the SPR team is leading work to strengthen the DFSA's 'risk culture.'

Both of the above discussions take place within the context of analysis of global/macro-level issues, which can highlight evolving trends that, over time, may become risks that the DFSA needs to mitigate through its regulation, supervision or its operations.

Additionally, in 2019, SPR staff are engaging in work to support the development of the DFSA's crisis management framework. We will be working on this further in 2020, with the support of external consultants.

STRATEGY AND BUSINESS PLANNING

The SPR team is responsible for analysis in a number of areas that contribute to the DFSA's strategic thinking. One output is the DFSA's Business Plan, produced by the team, which is published every two years covering the two years ahead. In the intervening year, an internal version of the Business Plan is prepared, but not published. During 2019, SPR worked on the 2020/21 Business Plan, but this will not be published.

In 2019, the team continued to analyse, and report on, economic, political and other developments relevant to the DFSA's operations, as well as reporting on developments in the work of the international standard-setters (see Standard-Setters section on page 38).

We are also actively involved in work to further the sustainable finance agenda, supporting the UAE's efforts to work towards delivery of the UN's Sustainable Development Agenda goals, participating in a Working Group on Sustainable Investments together with the UAE's other financial regulators (Central Bank of the UAE, ESCA, UAE Insurance Authority and FSRA), exchanges and other relevant bodies across the UAE. Additionally, we have supported the DIFC Authority in the development of the "DIFC 2.0 Strategy," as they work towards expanding the Centre in the future.

OUTREACH ACTIVITIES CONDUCTED DURING THE YEAR

The SPR team held one formal Outreach session for stakeholders in 2019, covering the impact of the revised DIFC Companies Law 2018 on DFSA-regulated entities. On the Innovation front, we took part in a number of sessions linked to the DIFC FinTech Hive, as the 2019 cohorts of firms have gone through their programmes. The Hive continues to strengthen its position as the pre-eminent financial services accelerator programme in the region.

SPR staff also spoke at a number of seminars, conferences, roundtables and training courses during the year, as part of the DFSA's broader engagement with stakeholders, on subjects as diverse as macroeconomic developments in the GCC, innovation in financial services regulation, environment and social governance and carbon taxation.

SUPERVISION

OVERVIEW

During 2019, we focused on a number of supervisory and regulatory priorities whilst effecting significant organisational and operational changes. The key changes dealt with organisational restructuring to better reflect the changing risk focus and risk profile of the firms. The Operational Risk unit was established to deal with increasing cyber and technology risk and focus on risks from technology-driven operations. We also restructured our Conduct of Business unit with a renewed focus on business models.

Supervision continues to engage with our regulatory community through various outreach sessions, as well as the DFSA Annual Supervision Outreach Session, where we share trends, current risks and issues in the wealth management, broking, banking and insurance sectors. During 2019 we undertook targeted outreach for the Audit community, Innovation, Authorisation stakeholders (particularly in respect of our Forms Online initiative) and AML changes as we prepared for the 2019 Financial Action Task Force (FATF) assessment. The DFSA supported the national assessment and hosted the assessors during their visit to the DIFC. As part of our commitment to improving supervisory practices and regulatory cooperation we continue to engage with our regulatory peers both in the UAE and internationally through various forums including supervisory colleges, to discuss approaches for addressing concerns and risks common to our supervised entities. We have also continued to support the work of international standard-setting bodies such as the Basel Committee on Banking Supervision (BCBS), the International Association of Insurance Supervisors (IAIS), the International Organization of Securities Commissions (IOSCO) and the Islamic Financial Services Board (IFSB).

AUTHORISATIONS

The DFSA achieved a significant growth milestone at the end of September 2019 when the population of Authorised Firms (AFs) conducting financial services in or from the DIFC passed the 500 mark for the first time.

At the end of December 2019, the DFSA had regulatory responsibility for 502 Authorised Firms, 16 Registered Auditors and 112 Designated Non-Financial Businesses and Professions (DNFBPs) - a total of 630 firms.

Furthermore, the Authorisation pipeline has remained buoyant, with 77 applications in the year, exceeding those in 2018. We continued to see strong interest in the DIFC from a number of global and regional banks as well as other firms covering the full scope of financial services including brokers and trading firms, fund managers, insurers and representative offices. Applications also originated from a wide range of international jurisdictions, together with a number of local and regional start-ups.

Total Assets increased to USD 168 billion at the end of quarter three of 2019, a year to date increase of 3.8%. After a difficult 2018, reinsurance premiums written in the centre are also showing signs of growth. Gross Written Premiums year at the end of quarter three of 2019 were at USD 1.6 billion, up USD 47 million compared to quarter three of 2018.

The DIFC's wealth management sector continues to grow. However, the majority of assets managed by firms continue to be booked outside the DIFC. The domestic funds industry also continues to grow in a positive manner. During 2019, the UAE Funds Passporting regime was agreed between DFSA, ADGM and ESCA. At the end of September 2019, we had a total of 77 Funds domiciled in the DIFC, of which 57% are Qualifying Investor Funds (QIFs). We continue to have a healthy pipeline of funds and fund managers.

The new DIFC Employee Workplace Savings Plan (DEWS) will come into effect in 2020. The DFSA issued CP128 on Employee Money Purchase Schemes in October 2019 to establish a regulatory framework to support the introduction of DEWS, and will be responsible for authorising and/or regulating the entities selected by the DIFC Authority (DIFCA) to manage and run the DEWS scheme. Overall, this is a substantial item of work that will need to be successfully completed within a very challenging timescale.

SUPERVISION ACTIVITY

The restructure of the Supervision Division that was undertaken last year was operationalised in 2019. The new structure allows us to deploy supervisory resources more effectively and efficiently across the firm population in the DIFC. It will also ensure that we have the flexibility to react appropriately to global and regional economic developments and the consequent effect of these on DIFC firms. As new firms enter the local market and existing firms become more complex, the restructured Supervision Division is well placed to assess and mitigate the increasing regulatory and supervisory risks.

In addition to the Authorisation unit, The Supervision Division is now comprised of three broad operating units:

- Conduct of Business Risks, covering general conduct issues with a particular emphasis on financial crime, client asset protection, client classification and suitability;
- Operational and Technology Risks, covering corporate governance in general, back-office systems and controls and, increasingly, innovation, information technology, and cyber risks; and
- Prudential Risks, including credit risk, liquidity risk, market risk and insurance risk.

CONDUCT OF BUSINESS RISK

Client classification and suitability were the areas of focus for the firm risk assessments we performed during the year; we challenged firms on their classification of clients (Retail, Professional or Market Counterparties) and will continue to do so in our Conduct of Business Programme. We placed an increased emphasis on ensuring firms recognise their responsibility to ensure the suitability of the products and services recommended to their clients.

We have enhanced our capabilities to identify, assess and mitigate risks arising from firms holding and/or controlling client assets. This has involved direct engagement with firms that have been identified as presenting high idiosyncratic risks in this area. We have also engaged with all the external audit firms operating in the DIFC to ensure a common understanding of our expectations of the audit reviews they perform in this regard. We have plans to conduct a thematic review on client assets and will continue to engage extensively with firms, their auditors and other advisers.

Following an increase in the number of authorised brokerage firms in the DIFC, there has been increasing regulatory interest in Contract for Difference trading with significant market interventions in other jurisdictions. We have engaged with regulators in other jurisdictions and will monitor how regulatory changes in these jurisdictions affects the business models of firms operating in the DIFC. Brokerage firms will also be the focus of a thematic review.

Combating financial crime risks remains one of our key regulatory priorities, and along with other UAE regulators and law enforcement authorities, the DFSA remains vigilant in addressing such risks. The DFSA enhanced its AML/CTF framework, which included updating the DFSA's approach to registration and supervision of DNFBPs and strengthening the DFSA's regulatory approach to how firms carry out

Customer Due Diligence to ensure alignment with FATF Recommendations. Furthermore, the DFSA enhanced its financial crime prevention supervisory programme, which includes: reviewing data and trends from the online annual AML Returns lodged by its Relevant Persons; conducting onsite AML risk assessments of our DNFBP population; conducting targeted financial crime specific risk assessments of higher impact regulated entities; and thematic reviews across one or more sectors.

PRUDENTIAL RISKS

Banking business continued to grow over the year, servicing clients across the region. The DFSA now regulates 33 wholesale-oriented commercial banking entities. A growing number of these banks are using the DIFC as their regional hub to offer their wholesale business activities in the Middle East, Africa and South Asia regions. Our supervisory focus is on ensuring that banks maintain an adequate level of capital and liquidity, commensurate with the nature of risks that they are undertaking. Asset quality, including the availability of appropriate levels of provisioning, is also an area of supervisory focus.

The Insurance sector in the DIFC, comprised of reinsurers, intermediaries and managing agents serves an important role in providing reinsurance capacity for the regional insurers. The sector is supervised by a dedicated Insurance Supervision team and its supervisory resources are focussed on governance over underwriting standards, adequacy of reserves, and credit risk of the capacity providers. In addition to undertaking onsite risk assessments, the financial risks are regularly monitored closely through analysis of quarterly and annual prudential returns. The supervision team continued to interact with other supervisors - including group supervisors, to assess the overall risk of internationally active insurance groups.

INNOVATION

We offered two cohorts for the Innovation Testing Licence (ITL) Programme in 2019 wherein we received 31 applications and accepted eight applicants to the Programme. The business models included blockchain-based Investment and Property Crowdfunding, blockchain-based asset restructuring, tokenised securities and sukuk issuances, and SME alternative lending platforms.

We issued five In-Principle ITLs and two of the five applicants, Wethaq (Capital Markets) Ltd. and Likvidi, completed the In-Principle process and began operating within the testing environment. In September, Smart Crowd Limited successfully completed the testing of its Property Crowd Funding platform and exited the ITL Programme to operate under conventional authorisation status.

Under the supervision of the DFSA, and as part of the testing programme, Wethaq (Capital Markets) Ltd. issued the first pilot sukuk. Al Ghurair Investments LLC was the issuer.

Throughout the year, the team engaged in dialogue with other regulatory authorities including the Hong Kong Monetary Authority (HKMA), the Financial Conduct Authority (FCA), and the Central Bank of Eswatini in regards to the supervision of innovative firms. At the Singapore FinTech Festival, Supervision staff managed a table in the Regulator's Zone, supported DIFCA at the DIFC Pavilion in speaking with a range of firms, and the DIFC FinTech Fund's "Pitch and Win" candidates. The DFSA also participated in a joint MAS, Deloitte, and IIF roundtable to discuss the acceleration of transformation in the financial services industry. Staff participated on a FinTech panel at Finnovate Middle East in Dubai; presented on regulatory approaches to innovation at the IMF's Second FinTech Roundtable Program in Washington D.C.; presented on resilience at the 9th Annual Risk Management Forum in Arab Banks in Beirut; presented on innovation and digital assets at "Selected Issues in the Regulation of FinTech," a course by the IMF-Middle East Center for Economics and Finance, in Kuwait; and presented on innovation ecosystems and regulatory approaches at "Building a FinTech Platform for Seychelles" organised by the World Bank and hosted in Seychelles. The team also presented on innovation regulatory frameworks and experiences at the "Innovation Officer Academy: FinTech for Inclusion," supported the by the GIZ and AMF, hosted at the DFSA.

The Global Financial Innovation Network (GFIN) is a group of 39 international financial regulators and seven non-regulatory industry bodies, including the DFSA, which seeks to provide efficient ways for innovative firms to engage with regulators across multiple jurisdictions. In February, GFIN members accepted applications from a range of firms that were interested in conducting cross-border trials. The DFSA, in cooperation with five international regulators, selected two RegTech firms with which to engage in cross-border trials. One of the RegTech firms offered an AI-driven regulatory compliance solution that mapped a customer's specific regulatory obligations to requirements and ongoing rule changes across jurisdictions. The other RegTech firm offered a predictive behavioural analytics platform, using machine learning and electronic communications data, to allow users to measure, manage and mitigate culture and conduct risks.

OPERATIONAL (IT / CYBERSECURITY)

In June, we launched a Cyber Thematic Review. The review included an online self-assessment questionnaire that was issued to all Authorised Firms and onsite assessments of 20 Authorised Firms. The objective of the Review was to identify the overall maturity level of cyber security programmes of Authorised Persons. More specifically, the Review assessed IT/cyber risk governance frameworks, IT/cyber hygiene practices, and resilience (incident preparedness) programmes.
In October, we issued a summary of the preliminary findings and highlighted that a significant number of Firms aligned their cyber incident response plans more closely to business continuity than crisis management. The summary then noted that a proper cyber incident response plan is about crisis management, and not just business continuity.

In September, we launched an online form on the DFSA ePortal for Firms to report cyber incidents. The form aims to provide the DFSA with consistent and timely information regarding material cyber incidents. The information (i) aids the DFSA in the timely identification of emerging risks and trends in cyber risk; (ii) enables the DFSA to respond more effectively in the event of such incidents; and (iii) enables the DFSA to alert relevant stakeholders where potentially systemic risks are identified.

We hosted a cyber roundtable in November and another in December. The discussions focused on cyber resilience, the impact of third-party vendors on a Firms' resilience, the challenges to successful resilience, and the role of the regulator in Firms' remaining resilient.

GENERAL ACTIVITY

The restructuring of the Supervision Division means that we will now have dedicated teams responsible for the entire regulated population in respect of each of the key risk areas of conduct, prudential and operational risk. This will mean that a dedicated Relationship Manager will only be assigned to Authorised Firms with larger footprints, heightened complexity or those that we determine require special supervisory oversight. This also means we will be carrying out less frequent vertically scheduled risk assessments for individual firms, and will conduct more horizontal risk assessments (thematic reviews), based on products and risks.

The DFSA continued to roll out several efficiency initiatives to further bolster our digitisation, automation and straight-through processing. As part of our digitalisation strategy, we expanded the supervision portal to the vast majority of Firms for all enquiries.
The same portal is used by all firms for their reporting obligations. We also rolled out our forms online with the implementation of automated AML reporting. Our web-based portal has now extended its scope to cover the entire regulated population and we continue to improve the system with a near straight-through processing of all enquiries planned in the upcoming months.

MARKETS

SUPERVISING MARKET INFRASTRUCTURE

In 2019, the DFSA continued its efforts to ensure that market operators and clearing houses operated in accordance with the highest international standards and in compliance with the AMI and AML Modules. In the course of supervising and monitoring AMIs in the DIFC, the Markets Division:

- engaged with issuers of digital assets and with trading platform operators providing access to blockchain-based transfer facilities;
- analysed market quality reports in addition to adding enhancements to the reports as a result of the developments and changes to the AMIs' business activities;
- reviewed and approved significant changes, such as liquidity incentive scheme, material change requests to the operations, and rule change requests;
- conducted reviews of new business initiatives, financial soundness and capital adequacy of the AMIs. Changes related to AMI management and controller changes were also reviewed;
- completed the thematic review on compliance by authorised firms with the DIFC securities exempt offering regime. The review involved conducting a survey with stakeholders, onsite visits with 12 Authorised Firms, and in-depth reviews of the activities and transactions related to exempt offerings for seven Authorised Firms;
- reviewed and monitored the central securities depository and Murabaha platform; and,
- further enhanced the process by which suspicious order and trade notifications are processed;

RECOGNITION OF REMOTE PARTICIPANTS IN THE DIFC MARKETS

In 2019, requests by recognised firms to expand their business activities on Nasdaq Dubai and the Dubai Mercantile Exchange were approved to four firms and the recognition status was revoked for two firms. In addition, Recognised Body status was also granted to one Exchange in 2019. Recognition is required for platforms or (clearing) members who do not have a physical presence in the DIFC. The Division also enhanced its monitoring tools and efforts to monitor its Recognised Members and Bodies, to ensure continued compliance with the requirements of the Recognition Module.

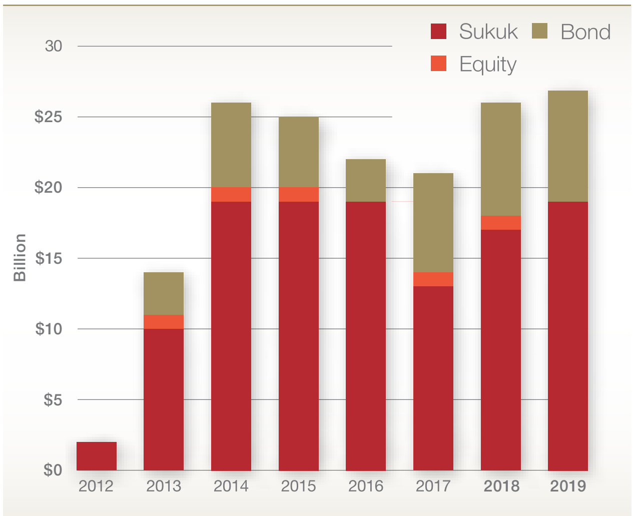
OPERATING OF THE LISTING AUTHORITY

The Listing Authority has the responsibility of admitting companies to the DFSA Official List of Securities (the List), setting minimum standards for offerings and listings, company disclosures and takeovers and mergers, enforcing these standards and ensuring that they keep pace with international market developments. As the operator of the Listing Authority, the Division applies a risk-based approach to the review and approval of prospectus documentation and to determine whether applicant companies are eligible for listing. The Listing Authority conducts a thorough analysis of each new applicant to ensure compliance with key eligibility and prospectus disclosure requirements, and on an ongoing basis, actively monitors issuers' periodic and ad-hoc disclosures, and engages with issuers when appropriate to ensure adequate and timely disclosure is complied with. In addition, the Listing Authority monitors price and volume development in an effort to detect any market abuse by market participants.

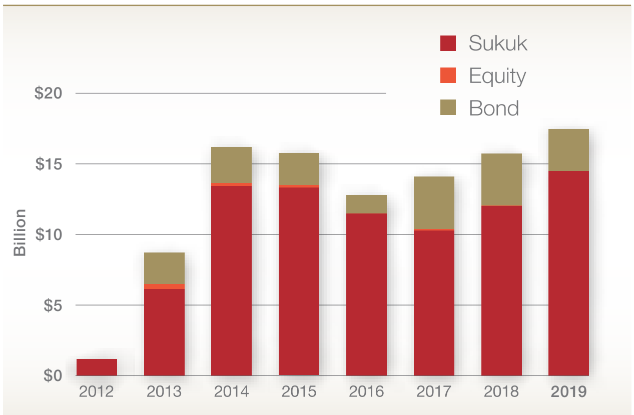
Market conditions for security offerings and listings of debt securities in particular have been comparatively favourable in 2019. This is evidenced by a continued interest in the offering of sukuk in the DIFC. In parallel with the greater UAE and beyond, the environment for equity IPOs continues to be challenging, resulting in no new listings of companies or funds in 2019. Throughout the course of the year the Listing Authority was however approached by a number of potential applicants for listing in the DIFC, indicating continued interest in the near future.

As at the end of 2019, the Listing Authority had processed 27 debt submissions for review and approval, and admitted 25 debt securities to the List with an aggregate market capitalisation of USD 15.7 billion. Of the number of securities listed, 17 were sukuk with market capitalisation of USD 11.99 billion and the balance represented conventional debt securities.

Number of Listing Transactions



Total Offer Value (USD Billion Dollars)



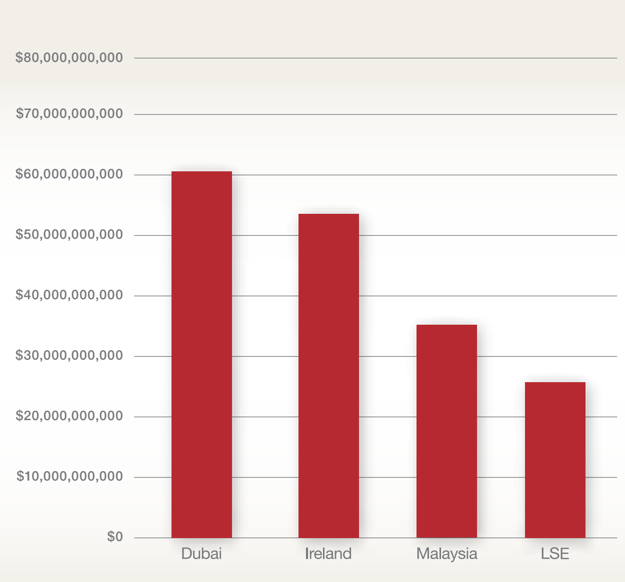
A total of USD 15.7 billion was raised during 2019, compared to USD 14.06 billion in 2018.

The approved transactions show a broad array of issuers including from China, Hong Kong, Indonesia, Kingdom of Saudi Arabia and Kuwait and the United States of America as well as the majority of issuers still originating in the UAE. During the year, the Listing Authority processed eight delistings upon maturity and full redemption of the debt securities.

ISLAMIC FINANCE

As noted in the above chart, the Listing Authority had approved the admission of USD 11.99 billion of sukuk to the List in 2019, and according to advisers and lead arrangers, the international regulatory framework and the efficiency of processes are the key factors taken into consideration when choosing to list in the DIFC. In this regard, the executed review and approval timelines for prospectus reviews in 2019 indicate that the service levels continue to be at par or faster than other approving regulators. This enhancement has been achieved with no comprise to the quality of the review process. The DIFC continues to be a leading jurisdiction for the issuance of listed sukuk in terms of market capitalisation (see chart below).

Outstanding Offer Value (USD Billion Dollars)



Total market capitalisation of sukuk listed in relevant jurisdictions.

The DFSA's contribution towards Islamic finance include sharing experiences and expertise on the development of the Islamic capital market in the DIFC, the approach to regulation, and challenges impacting the Sukuk market, with stakeholders of this industry.
Initiatives and Projects

A key channel for investor and practitioner education and issuer guidance are the Markets Briefs published on the DFSA website. This information is designed to help investors, practitioners and issuers interpret our rules.

In support of Dubai initiatives to promote the financing of small and medium-sized enterprises (SMEs), a consultation paper was issued on the regulation of securities offerings from SMEs. This should provide a proportionate regulatory framework, while at the same time providing adequate levels of investor protection.

The Markets team continues to review its regulation on environment, social and governance (ESG) investing. An initiative is underway to consider new regulation for green, social and sustainability financial instruments.

The Division is exploring the regulatory case for introducing extensible business reporting language (XBRL) for financial reporting and other regulatory disclosures by issuers. This initiative should improve regulatory effectiveness overall market transparency.

LOCAL AND INTERNATIONAL COLLABORATION

The Markets Division continues to engage the DIFC capital markets industry in an ongoing dialogue in regards to the evolving best practices and standards. In particular, on fixed income market structure, Islamic finance and derivatives we have consulted with numerous key stakeholders.

Markets' staff continued their efforts to strengthen DFSA's relationship with fellow regional regulators and bodies such as the Union of Arab Securities Authorities (UASA), the Emirates Securities & Commodities Authority (ESCA), and conducted or participated in several conferences and roundtables on the market developments for Islamic finance, commodity derivatives and regional market venues.

The Division also continued to seek feedback from law firms and arrangers in relation to the process of handling conventional and debenture transactions and continued its investor education through outreach and collaborative efforts with stakeholders - the public at large, peer regulators, industry bodies and standard-setters. This resulted in nine presentations in public forums and publications across the UAE and the GCC, as well as relevant Islamic finance jurisdictions, on a variety of capital markets-related topics. In particular, the Division also engaged with brokers and dealers in the DIFC to raise awareness of the obligation to report market abuse to the DIFC.

Staff of the Division represent the DFSA on the IOSCO Committee on Regulation of Secondary Markets (Committee 2) and Derivatives (Committee 7). Committee 2 is concerned with setting international standards for the operation of financial market infrastructures and Committee 7 for derivatives markets. A meeting was hosted for Committee 2 welcoming peer regulators from other financial centres to the DIFC. Markets staff are also members of an IOSCO review team that is conducting a thematic review on the business continuity plans with respect to intermediaries and trading venues in 33 jurisdictions.

ENFORCEMENT

MATTERS IN THE INVESTIGATIVE STAGE

The Enforcement Division finalised the investigative stage for five matters in 2019 and had nine matters still in the investigative stage as at the end of 2019, including a number of complex matters.

The matters being investigated by the Enforcement Division involved a range of suspected misconduct by firms and individuals, including:

- Corporate governance failures;
- The illegal promotion of collective investment schemes;
- Systems and controls failures;
- Anti-money laundering control failures;
- Unlicensed financial service activities;
- The provision of false and misleading information to the DFSA;
- Misleading and deceptive conduct; and
- Breaches of DFSA Principles for Authorised Firms and Authorised Individuals.

2019 ENFORCEMENT OUTCOMES

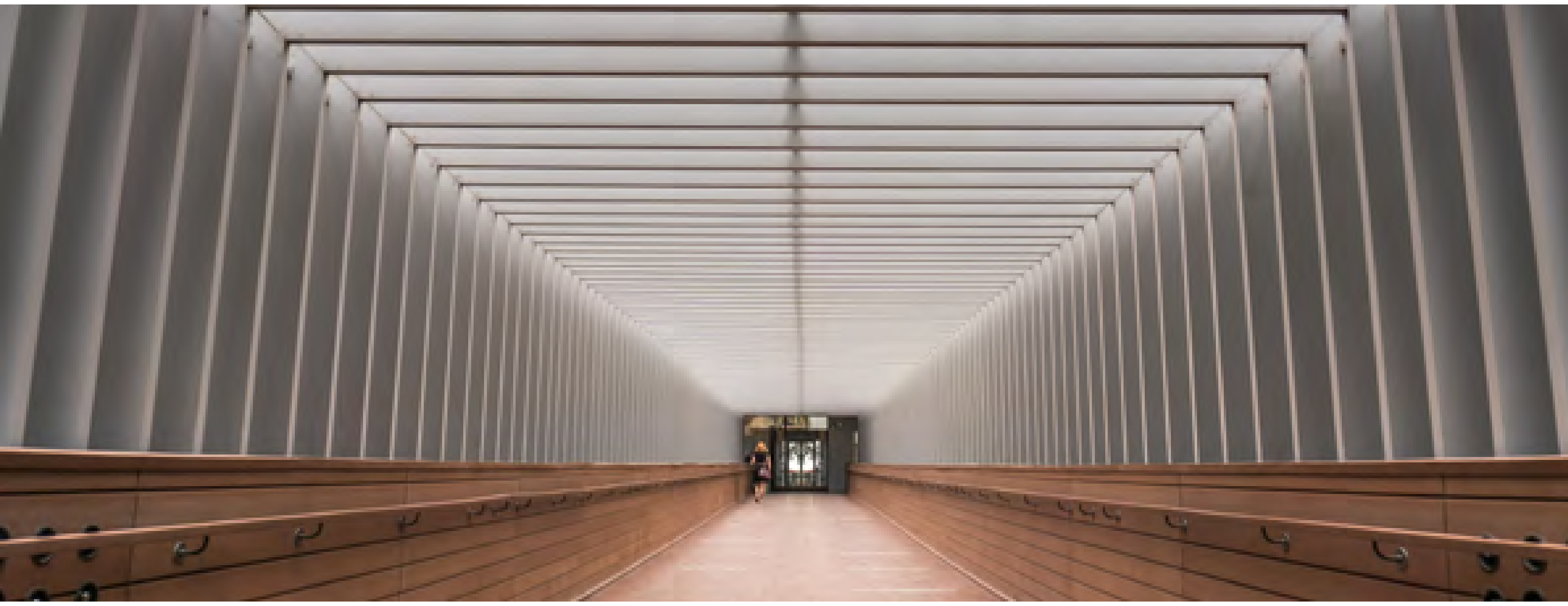
In 2019, the DFSA took the following Enforcement actions:

- On 3 March 2019, the DFSA restricted Mr Arnab Mukherjee from being involved in providing financial services in or from the DIFC. Mr Mukherjee provided inaccurate information regarding the amount of a client's total net assets, and made unauthorised investments for another client that he attempted to conceal.

- On 1 April 2019, the DFSA restricted Mr David Barnett and Mr Christopher Steer from being involved in providing financial services in or from the DIFC. Mr Barnett engaged in misleading and deceptive conduct in facilitating transactions carried out by a Commodity Murabaha Broking Desk at a DFSA Authorised Firm. Mr Steer, the Senior Executive Officer of the Firm at the time, was aware of Mr Barnett's misconduct but did nothing to stop it.

- On 18 July 2019, the DFSA imposed sanctions on a former SEO of a DFSA Authorised Firm for deceptively withdrawing money, which caused the Firm to breach the DFSA's prudential rules and misreport its financial position to the DFSA. The DFSA found the former SEO was dishonest and failed to act with integrity, and imposed the following on him:

  - a direction to repay the Firm the amount of USD 614,228;
  - a fine of USD 400,000;
  - a prohibition from being an officeholder or employee of any DFSA regulated person or firm; and
  - a restriction from being involved in providing financial services in or from the DIFC.



The former SEO has referred the DFSA's action to the Financial Markets Tribunal (FMT). The FMT will determine what the appropriate action (if any) is for the DFSA to take. The DFSA's findings and action are therefore provisional at this stage.

- On 29 July 2019, the DFSA fined Abraaj Investment Management Limited (AIML) USD 299,300,000 (AED 1,098,431,000) for carrying out unauthorised financial services (including fund management), intentionally misleading and deceiving investors over an extended period, and misusing investors' monies in various funds.

  Abraaj Capital Limited (ACLD), a company related to AIML and a former DFSA Authorised Firm, was fined USD 15,275,925 (AED 56,062,645) for being knowingly concerned in AIML's misconduct and other breaches, including failing to maintain adequate resources and providing false and misleading information to the DFSA and its auditor.

- On 12 August 2019, the FMT affirmed a decision by the DFSA to impose a fine on Ms Anna Waterhouse and to restrict her from being involved in providing financial services in or from the DIFC.

  Ms Waterhouse was the former Compliance Officer of a DFSA Authorised Firm. On 22 June 2017, the DFSA imposed a fine and the restriction on Ms Waterhouse for providing false and misleading information to the DFSA on several occasions over a period of over three years. Ms Waterhouse repeatedly told the DFSA that a division of the Authorised Firm only referred prospective clients to the Firm's other offices, and did not provide them with any financial services when that was not true. Ms Waterhouse was reckless as to the truth of these statements, and ignored signs that breaches of DFSA administered legislation were occurring.

  Ms Waterhouse subsequently applied to the DIFC Courts for permission to appeal against the FMT's decision. On 12 December 2019, the DIFC Courts issued its decision refusing the application for permission to appeal. Accordingly, the FMT's decision is now final. The DIFC Courts also awarded the DFSA costs in respect of the application for permission to appeal.

- On 24 November 2019, the DFSA took action to prevent an individual, who was previously convicted of insider dealing in the United Kingdom and served time in prison, from being involved in providing financial services in or from the DIFC. The individual had until recently worked for a DFSA Authorised Firm.

Full details of all DFSA actions are available on the Regulatory Actions section of the DFSA website.

Full details of all previous FMT decisions and pending matters are available on the FMT section of the DFSA's website.

CHANGES TO DFSA DECISION-MAKING

In order to improve efficiency and promote early transparency of DFSA decisions, the DFSA made a number of changes to its decision-making processes. These changes will come into effect in February 2020 and include:

- appointing Settlement Decision Makers (SDMs) where there is a prospect for the settlement of Enforcement actions. The SDMs set the parameters for the settlement, and approve any settlement outcome which is reached; and

- in cases that do not settle, a requirement for the DFSA to publish information about a Decision Notice as it considers appropriate if a person refers the relevant decision to the FMT (unless the FMT orders otherwise or the DFSA considers publication to be prejudicial to the interests of the DIFC).

If an Enforcement matter does not reach a settlement, the matter is then referred by Enforcement to the DFSA's Decision Making Committee (DMC). The DMC decides whether or not the DFSA should take the action recommended by the Enforcement case team. If it does so, then the subject of the action is given a Notice and they are able to make both oral and written representations to the DMC in respect of the findings and action proposed. The DMC may also ask the Enforcement case team to respond to any representations made by the subject before deciding whether to proceed.

Prior to implementing the changes outlined above, the DFSA consulted on its proposals through Consultation Paper 126. In that Consultation Paper, the DFSA also proposed changing the representations process by removing the right to make oral representations to the DMC, other than in exceptional circumstances. Instead, contested matters would be determined on the basis of written representations only. However, after considering consultation responses, this change was not adopted and subjects continue to have the right to make both oral and written representations to the DMC about the findings and action proposed against them.

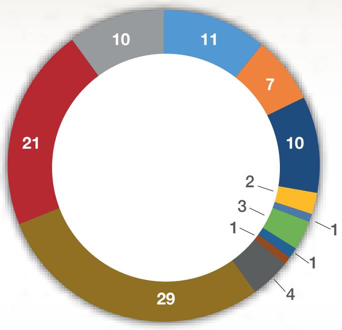
COMPLAINTS MANAGEMENT

Complaints continued to be an important source of intelligence for the DFSA. The DFSA received 102 complaints in 2019. This represented a decrease to the number received in 2018, which was 155.

85% of complaints were assessed and finalised by the DFSA within 28 days of receipt. In the remaining 15%, further enquiries and assessment were required to finalise the complaint.

A large proportion of complaints continue to be about the promotion of scams.

Types of complaints (Finalised in 2019)



SCAMS

The DFSA continued its efforts to educate consumers about scams. The DFSA received 29 complaints about scams in relation to the DIFC or the DFSA, and issued 14 consumer alerts in 2019. The types of scams that came to the attention of the DFSA continued to include advance fee scams, cloning scams and scams in which the identities of the DFSA, DIFC, and firms within the DIFC and/or their employees were stolen or misused. The DFSA only issues alerts about scams where the fraudulent conduct affects the integrity of the DIFC.

LOCAL AND INTERNATIONAL COLLABORATION

Enforcement continued to work together with both regional and international regulators on investigations and enforcement activities, and to make strong contributions to international standard-setting bodies. In 2019, Enforcement:

- participated in the meetings of the Screening Group and Committee 4 (Enforcement) of the International Organization of Securities Commissions (IOSCO);

- collaborated on enforcement activities with the Emirates Securities and Commodities Authority (the SCA), the UAE Central Bank, the Dubai Police and the Financial Services Regulatory Authority of the ADGM;
- presented in conferences organised by IOSCO and the Union of Arab Securities Authorities;

- participated and presented in training activities involving the Capital Markets Authority of Saudi Arabia, and the SCA; and

- attended conferences organised by International Forum of Independent Audit Regulators, the French Autorité des Marchés Financiers, the US Securities and Exchange Commission and the US Commodity Futures Trading Commission.

In addition, Enforcement conducted outreach sessions for a number of firms in the DIFC.

INTERNATIONAL RELATIONS

REGULATORY COOPERATION

The fundamental focus of International Relations has always been to establish and build a level of confidence and trust among regulators that fosters mutual cooperation and the sharing of information. The goal is to maintain that level of confidence and trust. This is essential for effective oversight of the DIFC's international firms; in fact, of any firm engaged in cross-border activity. The DFSA's discrete international function also enables the DFSA to play an influential role in crafting the global regulatory regime and providing a consistent approach to all of the DFSA's engagements and activities in the international sphere.

The DIFC Regulatory Law reflects international standards in allowing the DFSA to obtain information on behalf of other supervisory and enforcement agencies and to share that information with them. MoUs support this by giving structure and certainty to the process. They also reflect the level of comfort and, in some cases, a degree of equivalence that exists between fellow authorities. Since 2005, the DFSA has established a network of multi-lateral and bi-lateral MoUs to facilitate this. International Relations is responsible for negotiating and finalising MoUs. At the end of 2019, the DFSA had signed a total number of 109 bi-lateral MoUs and five multi-lateral MoUs.

The latest MoU to be signed was with the Saudi Arabian Monetary Authority on 5 November 2019, allowing regulatory information to be shared regarding banks and insurance firms we have in common.
Given the increasing emphasis on innovation and technology, the DFSA entered into a number of Innovation-specific Cooperation Agreements in 2017 and 2018, supporting this new market and sharing opportunities, enhancements and challenges with other regulators. Reflecting the early dynamism in that region, all of these Agreements were with Asian counterparts but in November 2019, the DFSA signed its first innovation protocol with a European regulator, the CSSF of Luxembourg. Agreements with other European supervisors and some regional regulators are also being pursued.

In March, the DFSA hosted its second annual MENAT Supervisory College for HSBC. Supervisors from the UAE Central Bank attended and were joined by representatives from the Central Banks of Oman, Morocco and Turkey. As the supervisor of subsidiaries and branches of other banks and insurers with international links, the DFSA participated in a significant number of Supervisory Colleges, hosted by the relevant home supervisor. In 2019, the DFSA participated in 18 Supervisory Colleges – attending 17 and participating in one remotely via teleconference.

During the year, some 65 responses were provided by the DFSA to requests for regulatory information and assistance from fellow regulators. During the same period, the DFSA made some 74 requests to fellow regulators for information.

CAPACITY BUILDING

Collaboration with other regulators to enhance their analytical and technical capacity is an important aspect of the DFSA's International Relations programme. It also promotes a better understanding of the regulatory regime of each jurisdiction. The DFSA regularly receives delegations seeking advice on creating and sustaining a regulatory regime for a financial centre. During 2019, the DFSA sent senior members of the Executive from the Enforcement and Markets divisions to present to training events organised by the Union of Arab Securities Regulators (UASA) and SCA for the benefit of markets regulators in the region. The Markets division also provided ongoing assistance to the Capital Markets Authority of Kenya in the area of market surveillance.

HIGH LEVEL ENGAGEMENT

During 2019, International Relations oversaw meetings of the DFSA Chair with the Governors of the People's Bank of China, the Saudi Arabian Monetary Authority, the Central Bank of Bahrain, Banca d'Italia; Vice-Governor of the Central Bank of Lebanon; fellow Chairs of the UK Financial Conduct Authority (FCA), FINMA of Switzerland, the CBIRC of China, the European Banking Authority, and ESMA; the Director General of the CSSF, Luxembourg, the US Treasury Under-Secretary for Anti-Terrorism, as well as some of the Group Chairs and Group CEOs of the global banks that have branches in the DIFC. Similarly, DFSA Chief Executive met with his counterpart at the UK FCA, the Head of the Prudential Regulation Committee of the Bank of England, the Chair of the IASB and the UK FRC, the Vice Chair of the CBIRC, the Chairs of the Basel Committee and the IAIS and the Secretaries-General of the IFSB, IAIS, and the Basel Committee, among others.

REGIONAL RELATIONS

The DFSA's relationship with its counterparts in the

GCC and the Middle East remains a key priority. The Chief Executive continues to meet with his federal counterparts, the Governor of the Central Bank of the UAE and the Chief Executive of SCA, and the Director General of the UAE Insurance Authority. Periodic and case-specific meetings and joint initiatives at an operational officer level also continue to take place with all three regulators.

As the lead supervisor for HBME, the DFSA's links are critical with the central banks who substantively oversee the activities of the bank in their jurisdictions. To that end, MoU were signed with Bank Al-Maghrib of Morocco, and the Central Bank of Egypt. The only central banks supervising HBME that remain outstanding are those of Kuwait and Qatar.

AMERC (IOSCO's Africa and Middle East Regional Committee) is one of the four regional committees established by IOSCO. Its 20 members canvass and discuss critical issues for the wider region for consideration and implementation by the Board.

HUMAN RESOURCES

Human Resources (HR) undertook a number of critical initiatives in 2019. There continued to be a talent focus on preparing technical staff for future leadership roles. A number of technical staff were invited to participate in workshops that provide training in specific leadership skills such as The Art of Feedback and Think on your Feet®. Individual leaders were also enrolled in well-known business schools such as Judge, Smith and Wharton to better their leadership and technical capabilities. The Executive also started their 2020 Succession Planning.

The Division updated its policies to align with the new DIFC Employment Law No. 2 and initiated new practices to become an employer of choice. This included mechanisms for employee participation including a HR Advisory Forum led by the Head of Human Resources and a cross divisional working group to review the organisation's performance KPI setting led by the Head of Markets.

In addition to updating HR policies, HR processes for employee administration and National Development were streamlined. HR renewed the DFSA's medical and life insurance, achieving a significant cost reduction for equivalent coverage as well as conducting its annual salary benchmark. Other HR led initiatives have included a Competency Mapping Project involving over 100 employees and the establishment of a more inclusive Job Evaluation Panel. The new competency model is to be integrated with development and performance management processes.
Our Talent Acquisition team sourced or initiated the recruitment process for 34 permanent and temporary positions during the course of the year inclusive of hiring two high calibre, UAE Nationals to join our HR and Finance areas as part of a pilot programme within its operational areas. This supported our efforts to ensure the continued development of UAE National talent in addition to the TRL Programme and paved the way for recruitment into our operations.

OPERATIONS

The Operations division oversees the DFSA's operational initiatives and includes the IT, Corporate Affairs, Corporate Communications, Finance, Strategic Operations and Administration departments. The division is responsible for digital transformation and improving processes and efficiency throughout the DFSA by utilising innovative technologies. The division seeks opportunities to align the DFSA with the vision of the UAE's leadership drives the DFSA's commitment to relevant governmental initiatives, such as SMART Dubai, the National Innovation Strategy, and the Dubai Cyber Security Strategy.

CORPORATE AFFAIRS

The Corporate Affairs Department continued to align the DFSA's communications and key messaging with the vision and relevant strategies of UAE Vice President, Prime Minister and Ruler of Dubai, His Highness Sheikh Mohammed Bin Rashid Al Maktoum and the UAE Government.

The Department built on its relationships with local and international media to promote the DFSA's strategic initiatives and news through interviews, thought leadership pieces and executive profiles in prominent publications. The Department also continued to collaborate closely with key government stakeholders, including the Dubai Media Office and other DIFC bodies.

The team led and implemented a number of internal activities centred on The Year of Tolerance and numerous CSR initiatives.

The team issued 33 media releases, seven notices of consultation paper release and five notices of amendments over the year and produced six publications.

PROJECTS AND PLANNING

Projects and Planning have been engaged in the monitoring of the DFSA's 2019 Business Plan and the development of the 2020/2021 Business Plan. The team continues to deliver a variety of projects across the organisation, as well as the planning and delivery of international events hosted by the DFSA.

Process improvement work with many of the divisions continues, with ongoing demand for support and administration of surveys, which engage both internal and external stakeholders.

INFORMATION TECHNOLOGY

In 2019, the IT Department continued to enhance the digitalisation and transformation of internal and external systems through the use of Artificial Intelligence (AI) and Machine Learning within its Cyber Security and Regulatory Systems.

The introduction of an AI Chat bot (RIA – Regulatory Information Assistant). Key automation tasks between online forms and the core regulatory system has been implemented to reduce and streamline digitised processes. Further, using our Business Intelligence Tool, various applications are automatically screened for compliance issues before being processed, saving valuable time and effort in ensuring low risk items are processed more efficiently than those that pose a risk.

In support of the DFSA's agenda to build cyber risk awareness and support a community of cyber risk information sharing, both the Supervision and IT departments launched a Cyber Threat Intelligence Platform (TIP) for DIFC entities. TIP is the first regional regulator-hosted digital community information sharing platform. TIP allows members to post cyber threat information for all other members to see. TIP is one component of a broader threat information sharing initiative that includes collaboration between the DFSA, UAE government, other regulatory agencies and also includes cooperation and threat intelligence training with third party cyber risk experts.

Extensive cyber assessments benchmarked against several international cyber-security standards was conducted by independent third party security specialists.

FINANCE

The DFSA controlled its expenditure within the approved budget in 2019. In the course of 2019 the DFSA maintained its accounting records and prepared its annual financial statements were prepared with integrity and were assessed as providing a true and fair view of the financial position of the DFSA for the year. The financial statements were assessed as being presented fairly and in accordance with International Public Sector Accounting Standards for 2019.

A thorough review of the Operational Authority Matrix and Finance Policies were conducted in 2019 to ensure that the control framework for all DFSA expenditure was robust yet not overly burdensome. All changes were approved by the Audit Committee in the course of the year. The Finance Department continues to review and strengthen the internal financial control framework within the DFSA to ensure all financial risks are addressed. Considerable work was undertaken in the course of 2019 to move all of the DFSA's payments to an online platform. The Finance Department continued to strengthen its relationship with the Department of Finance in the course of the year.

ADMINISTRATION

The Administration Department continues to ensure that the DFSA offices are managed and maintained to the highest standards. Vendor relationships are strictly monitored and reviewed to provide the best value and effective use of both outsourced facilities management resources and budgets. All fit out projects and daily requests from internal stakeholders were delivered within the specified timelines and available resources.

Health and Safety of DFSA staff and available facilities, including adherence to Civil Defence requirements was achieved successfully.

Appendices

Appendix 1

Appendix 2

Appendix 3

Appendix 4

Appendix 5

Appendix 6

Appendix 7

Appendix 8

Dubai Financial Services Authority

Independent auditor's report
Board of Dubai Financial Services Authority
Report on the audit of the financial statements

Our opinion

In our opinion, Dubai Financial Services Authority's ("DFSA") financial statements present fairly, in all material respects the financial position of the DFSA as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

What we have audited

The DFSA's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of financial performance for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the DFSA in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

Management is responsible for the other information. The other information includes the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the DFSA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the DFSA or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the DFSA's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DFSA's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the DFSA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the DFSA to cease to continue as a going concern.

- Conclude the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For and on behalf of PricewaterhouseCoopers
(Dubai Branch)

PricewaterhouseCoopers
Dubai, United Arab Emirates
Date: 26 February 2020

Dubai Financial Services Authority
Statement of financial position
(Year ended 31 December)

	Note	2019 AED'000	2018 AED'000
Assets			
Non-current assets			
Property and equipment	5	5,171	3,827
Intangible assets	6	4,082	5,223
		9,253	9,050
Current assets			
Other receivables	7	21,415	20,009
Cash and cash equivalents	8	178,289	182,605
Defined benefit plan net assets	9	-	629
		199,704	203,243
Total assets		208,957	212,293
Equity and liabilities			
Equity			
Contributed capital and reserves			
Contributed capital		5,755	5,755
Reserve of the DFSA	2.11	100,000	100,000
Employees' end of service benefit scheme cumulative actuarial loss.	9	(2,707)	(756)
Net equity		103,048	104,999
Liabilities			
Current liabilities			
Fee income received in advance	2.10	64,764	48,395
Amounts due to Government	11	15,851	34,328
Creditors, accruals and other liabilities	10	24,029	24,571
Defined benefit plan net liabilities	9	1,265	-
		105,909	107,294
Total liabilities		105,909	107,294
Total equity and liabilities		208,957	212,293

These financial statements on pages from 64 to 81 were approved for issue by the Board of Directors on 26 February 2020.

Signed on behalf of the DFSA Board

DUBAI FINANCIAL SERVICES AUTHORITY STATEMENT OF FINANCIAL PERFORMANCE

(YEAR ENDED 31 DECEMBER)

		2019	2018
	NOTE	AED'000	AED'000
Appropriations from Government	2.10, 4	117,420	117,420
Fee income	2.10	74,011	68,943
Other income	12	3,991	3,507
Total income		195,422	189,870
General and administration costs	13	(163,693)	(160,402)
Board of Directors' costs	15	(14,363)	(13,959)
Financial Markets Tribunal costs		(1,515)	(1,135)
Total expenses		(179,571)	(175,496)
Excess of income over expenditure		15,851	14,374

Dubai Financial Services Authority
Statement of Changes in Equity

	Contributed capital	Reserve of the DFSA	Employees' end of service benefit scheme cumulative actuarial gain/(loss)	Accumulated surplus	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2018	5,755	119,954	181	-	125,890
Excess of income over expenditure	-	-	-	14,374	14,374
Transfer to Reserve of the DFSA (Notes 2.11)	-	(19,954)	-	(14,374)	(34,328)
Remeasurement of net defined benefit asset (Note 9)	-	-	(937)	-	(937)
At 31 December 2018	5,755	100,000	(756)	-	104,999
Excess of income over expenditure	-	-	-	15,851	15,851
Transfer to Amounts due to Government (Note 2.11)	-	-		(15,851)	(15,851)
Remeasurement of net defined benefit asset (Note 9)	-	-	(1,951)	-	(1,951)
At 31 December 2019	5,755	100,000	(2,707)	-	103,048

Dubai Financial Services Authority Statement of Cash Flows

(year ended 31 December)

		2019	2018
	Notes	AED'000	AED'000
Operating activities			
Excess of income over expenditure		15,851	14,374
Adjustments for the following items:			
Depreciation	5	1,441	1,380
Amortisation	6	1,867	1,632
Loss on disposal/write off of property and equipment		9	3
Provision for end of service benefits	14	4,223	4,940
Interest received	12	(3,517)	(2,634)
Other non-cash transactions		(58)	(729)
Operating cash flows before payment of amount payable to Government and changes in working capital		19,816	18,966
Amount paid to Government of Dubai		(34,328)	-
Changes in working capital:			
Contributions made for the end of service benefits	9	(4,223)	(4,940)
Other receivables, net of interest		(1,521)	3,800
Fee income received in advance		16,369	1,641
Creditors, accruals and other liabilities		(542)	1,839
Net cash (used in)/ generated from operating activities		(4,429)	21,306
Investing activities			
Purchase of property and equipment	5	(2,794)	(489)
Purchase of intangible assets	6	(726)	(2,241)
Interest received		3,633	2,634
Net cash generated from/ (used in) investing activities		113	(96)
Net (decrease)/ increase in cash and cash equivalents		(4,316)	21,210
Cash and cash equivalents, beginning of the year	8	182,605	161,395
Cash and cash equivalents, end of the year	8	178,289	182,605

The notes on pages 68 to 81 form an integral part of these financial statements.

Dubai Financial Services Authority
Notes to the Financial Statements

(for the year ended 31 December 2019)

1 Legal status and activities

The Dubai Financial Services Authority ("DFSA") was established by Dubai Law No (9) of 2004 as an independent regulatory authority responsible for the regulation of financial and related activities at the Dubai International Financial Centre ("DIFC"). In accordance with Dubai Law No. (9) of 2004, the DFSA is and will continue to be independently funded by the Government of Dubai ("Government") to enable it to exercise its powers and perform its functions.

These financial statements were approved for issue by the Board of Directors of the DFSA on 26 February 2020.

2 Significant accounting policies

2.1 Basis of preparation

Effective 1 January 2014, the DFSA adopted International Public Sector Accounting Standards ("IPSAS"). Accordingly, the financial statements have been prepared in accordance with IPSAS. Where an IPSAS does not address a particular issue, the relevant International Financial Reporting Standard ("IFRS") has been applied.

The financial statements have been prepared under the historical cost convention. The cash flow statements are prepared using the indirect method. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period. While the DFSA has adopted IPSAS as its reporting framework, it operates as an independent regulatory authority and its budgets are not made publicly available. Therefore the Directors do not consider it appropriate to publish budget information (IPSAS 24, Presentation of budget information in financial statements).

These financial statements are prepared on an accrual basis and cover the period from 1 January to 31 December 2019.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Changes in accounting policies and disclosures

a) New and amended standards adopted by DFSA

There are no IPSAS' or amendments that are effective that would be expected to have a material impact on DFSA's financial statements.

b) New standards and amendments issued but not effective

Following are the standards effective for the financial year beginning on or after 1 January 2019 and not material to the DFSA:

- IPSAS 28, Financial Instruments: Presentation (effective 1 January 2022);
- IPSAS 29, Financial Instruments: Recognition and Measurement (effective 1 January 2022);
- IPSAS 30, Financial Instruments: Disclosures (effective 1 January 2022);
- IPSAS 41, Financial Instruments (effective 1 January 2022); and
- IPSAS 42, Social Benefits (effective 1 January 2022).

2.3 Foreign currency translation

Functional and presentation currency

The functional currency of the DFSA, being the currency in which the majority of its transactions are denominated, is the Arab Emirates Dirham (AED).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

Dubai Financial Services Authority Notes to the Financial Statements

(for the year ended 31 December 2019 – Continued)

2.3 Foreign currency translation (continued)

For presentation purposes only, these financial statements have also been translated into US Dollars at the fixed rate of exchange of US Dollar 1 = AED 3.67. The translated primary financial statements are unaudited.

2.4 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The historical cost consists of expenses related directly to the acquisition of the asset.

Depreciation and amortisation are computed using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual values over their expected useful lives as follows:

	Years
Leasehold Improvements	10
Fixtures and Fittings	7
Office equipment	5
Computer Equipment	5
Motor Vehicles	3

Capital work-in-progress, comprising both leasehold improvements and computer equipment, is stated at cost and transferred to the appropriate asset category when it is brought into use.

Subsequent costs incurred are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential over the total life of the asset in excess of the most recently assessed standard of performance of the asset will flow to the DFSA.

Gains and losses on disposal of property and equipment are determined by comparing the sales proceeds to the carrying amount of the assets disposed of and are taken into account in determining the surplus/deficit for the year. Repairs and renewals are charged to the statement of financial performance when the expense is incurred.

The assets' residual lives are reviewed, and adjusted if appropriate, at each reporting date.The gain or loss on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of performance. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

2.5 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight line basis over an estimated useful life of 5 years. The estimated useful lives are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis. Capital work-in-progress relates to computer software, is stated at cost and transferred to the appropriate asset category when it is brought into use.

Development costs that are directly associated with identifiable and unique software controlled by the DFSA are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include employee benefits expense of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

2.6 Impairment

At the end of each reporting period, the DFSA reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31 December 2019 – Continued)

2.6 Impairment (continued)

Recoverable amount is the higher of the fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised immediately in the statement of financial performance, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimation of the recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset in the prior years. A reversal of an impairment loss is recognised immediately in the statement of financial performance, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.7 Fees, fines and litigation costs receivable

Fees, fines and litigation costs receivables are carried at anticipated realisable value. Specific provision is made for fees, fines and litigation costs receivable that are considered doubtful for recovery. Bad debts are written off during the period in which they are identified.

2.8 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

2.10 Revenue recognition

Revenue from non-exchange transactions

Funds received from and remitted to the Government

The DFSA receives grants from the Government for general purposes, to enable the DFSA to carry on its operations. The DFSA recognises revenues from grants when the right to receive the grant is established and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognised instead of revenue. Where such grants have no stipulations attached to them, and no performance obligations imposed by Government, the DFSA recognises an asset (cash or an appropriate asset) and revenue in the financial statements.

Funds received in advance from the Government for meeting budgeted operational expenditure for the following year are treated as funds received in advance under current liabilities and are appropriated in the financial statements of the following year.

Funds remitted to the Government are recognised as an appropriation from accumulated surplus or as a reduction in contributed capital, as appropriate, in the year in which the appropriation is approved by the Board of Directors of the DFSA (Note 4).

Fines levied

Fine income received in connection with breaches of regulations in the DIFC is to be included in the Statement of Financial Performance in the year in which the income is received. Should this result in a surplus for the year, this surplus will be transferred to Government following approval of the Financial Statements by the Board.

Revenue from exchange transactions

Revenue from exchange operations is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts. DFSA recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of DFSA's activities, as described below.

Dubai Financial Services Authority Notes to the Financial Statements

(for the year ended 31 December 2019 – Continued)

2.10 Revenue recognition (continued)

Fee income

Application fees are recognised as income when invoiced. Annual fees are recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable. Interest income is classified as unrestricted other income as it is generated in most from the DFSA's unrestricted term deposits.

2.11 Reserve of the DFSA

The Reserve of the DFSA is available to meet contingencies arising from the discharge of the DFSA's regulatory responsibilities. This reserve could be called upon to cover exceptional levels of expenditure in excess of revenues in a particular financial year.

In prior years the DFSA maintained two separate reserves: a Litigation Reserve and a Regulatory Reserve. The Board of Directors of the DFSA made a decision in 2018 to merge the two reserves and rename the combined reserve as 'the Reserve of the DFSA'. Following discussions with the Government of Dubai it was agreed that the level of this reserve would be maintained at AED 100 million and any amounts in excess of that level would be transferred to the Government of Dubai following the approval of the audited Financial Statements by the Board.

2.12 Employee benefits and post-employment benefits

Provision is made for the estimated liability for annual leave costs as a result of services rendered by eligible employees up to the balance sheet date. This provision is included in employee related accruals in creditors, accruals and other liabilities.

Provision is made for the full amount of end of service benefits due to non-UAE nationals, in accordance with the DIFC Employment Law No. 2 of 2019, for their periods of service up to the balance sheet date. An amount equivalent to the provision made is remitted to the DFSA EOSG Trust. End of service benefit distributions to eligible employees are made by the trustee as directed by the DFSA.

UAE National employees are members of the Government-managed retirement pension and social security benefit scheme. As per federal Labour Law No.7 of 1999, the DFSA has contributed and recognised a liability of 15% of the "contribution calculation salary" of UAE payroll costs to the retirement benefit scheme to fund the benefits for the UAE national employees. Pension contributions in respect of UAE nationals under a defined benefit contribution scheme are recognised as an expense in the period to which they relate.

2.13 Leases

Where DFSA is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to DFSA, the total lease payments are charged to profit or loss for the year on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

2.14 Financial instruments

Financial assets, including cash and cash equivalents (Note 8), other receivables (Note 7) and financial liabilities including creditors, accruals and other liabilities (Note 10) are recognised when the DFSA becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value and the difference between the fair value and consideration given or received is recognised in the statement of financial performance.

2.14 Financial Instruments (continued)

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or DFSA transfers substantially all risks and rewards of ownership.

2.15 Segment reporting

DFSA's operations are limited to regulation of financial and related activities in DIFC. The financial information reported to the governing body and the Directors does not present expenses, revenues, assets and liabilities by service line, geography, or any other segment.

The management of DFSA believes segment reporting is not meaningful to the users of these financial statements. Accordingly, DFSA does not present segment information in accordance with the requirements of IPSAS 18, Segment Reporting.

3 Financial Risk Management

3.1 Financial risk factors

The DFSA's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest risks), credit risk and liquidity risk. The DFSA's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of these risks on the DFSA's financial performance. DFSA management seeks to avoid risks by not engaging in transactions with foreign suppliers. DFSA doesn't have agreements with floating interest rates and closely monitores monetatry balances.

a) Currency risk

The DFSA is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities in the financial statements. Transactions in US Dollars have limited foreign exchange risk as the UAE Dirham is pegged to the US Dollar and accordingly the DFSA's foreign exchange risk with respect to such transactions is insignificant.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect the net finance cost or income of DFSA. The DFSA does not have assets and liabilities that are materially dependent on interest rate levels therefore; management believes that the DFSA has no significant exposure to interest rate risk.

DFSA does not have formal policies and procedures in place for the management of interest rate risks as management considers this risk as insignificant.

c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the DFSA. The DFSA is exposed to credit risk on its debtor accounts and bank balances.

The DFSA seeks to reduce the credit risk by monitoring existing outstanding debtor's balances. Bank deposits are limited to high-credit-quality financial institutions and bank ratings are reviewed on an annual basis. DFSA places deposits in dffferent banks to avoid the concentration of risk. Management does not expect any losses from non-performance by these counterparties.

3.2 Fair value estimation

The carrying values of financial assets and financial liabilities of the DFSA approximate their fair values.

4 Key judgment and source of estimation and uncertainty

In the application of the DFSA's accounting policies, which are described in Note 2, management are required to make judgements, estimates and assumptions about the carrying amounts of assets

Dubai Financial Services Authority Notes to the Financial Statements

(for the year ended 31 December 2019 – Continued)

4 Key judgment and source of estimation and uncertainty (Continued)

and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimating uncertainty at the end of the reporting period, that have a significant risk in causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Judgement in respect of contributions from the Government (Revenue recognition)

In the course of 2019 the Department of Finance agreed that the funding received from the Government of Dubai would remain at AED 117,420,000 and that the Reserves of the DFSA would be set at AED100 million. Any surplus arising in the course of a financial year would be returned to the Government of Dubai following the approval of the Financial Statements by the Board. In the case of a deficit in a financial year the Government of Dubai would provide additional funding to ensure the Reserve of the DFSA remained at the agreed level of AED 100 million.

With effect from 1 January 2019, the manner in which the DFSA accounts for funds received from the Government of Dubai has changed and is treated as deferred income.

Employee benefits and post-employment benefits

The present value of the defined benefit plan net assets/liabilities depends on a number of factors that are determined using actuarial techniques and assumptions. These assumptions include the discount rate, salary escalation rate and withdrawal rate. Any changes in these assumptions will impact the carrying amount of defined benefit plan net assets/liabilities.

As IPSAS 25, Employee Benefits, does not indicate how a discount rate should be determined, DFSA referred to International Accounting Standard ('IAS') 19, Employee Benefits. In accordance with IAS 19, the discount rate is determined by reference to market yields at the reporting date on high quality corporate bonds (typically taken to be AA rated corporate bonds) of similar term and currency to that of the liabilities. IAS 19 also states that in countries where there is no deep market in corporate bonds, the market yields on government bonds should be used.

As UAE does not have a deep market in corporate or government bonds, DFSA has used yields on high-quality US corporate bonds (FTSE Above Median Double-A Curve) based on market conditions as at 31 December 2019. Setting the discount rate with reference to US corporate bonds is a commonly used approach by companies in the UAE as the local currency is pegged to the US dollar.

The salary escalation assumption takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Withdrawal rate assumptions are based on average withdrawal rates during last three years. DFSA changed the discount rate, salary escalation rate and withdrawal rate assumptions (Note 9).

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31 December 2019 – Continued)

5 Property and equipment

	Leasehold improve-ments	Fixtures and fittings	Office equipment	Computer equipment	Motor Vehicles	Capital work in-progress	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cost							
At 1 January 2019	15,327	4,795	640	12,899	-	-	33,661
Additions	-	307	99	1,215	343	830	2,794
Disposals	-	(62)	(79)	(1,280)	-	-	(1,421)
At 31 December 2019	15,327	5,040	660	12,834	343	830	35,034
Accumulated depreciation							
At 1 January 2019	14,763	4,525	621	9,925	-	-	29,834
Charge for the year (Note 14)	93	87	13	1,238	10	-	1,441
Disposals	-	(61)	(79)	(1,272)	-	-	(1,412)
At 31 December 2019	14,856	4,551	555	9,891	10	-	29,863
Net book value							
At 31 December 2019	471	489	105	2,943	333	830	5,171

	Leasehold improvements	Fixtures and fittings	Office equipment	Computer equipment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Cost					
At 1 January 2018	15,327	4,748	637	17,466	38,178
Additions	-	51	8	430	489
Disposals	-	(4)	(5)	(4,997)	(5,006)
At 31 December 2018	15,327	4,795	640	12,899	33,661
Accumulated depreciation					
At 1 January 2018	14,671	4,472	611	13,703	33,457
Charge for the year (Note 14)	92	54	15	1,219	1,380
Disposals	-	(1)	(5)	(4,997)	(5,003)
At 31 December 2018	14,763	4,525	621	9,925	29,834
Net book value					
At 31 December 2018	564	270	19	2,974	3,827

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31 December 2019 – continued)

6 Intangible assets

	Software	Capital work in progress	Total
	AED'000	AED'000	AED'000
Cost			
At 1 January 2019	26,754	382	27,136
Additions	239	487	726
Transfer from capital work in progress	556	(556)	-
At 31 December 2019	27,549	313	27,862
Accumulated amortisation			
At 1 January 2019	21,913	-	21,913
Charge for the year (Note 14)	1,867	-	1,867
At 31 December 2019	23,780	-	23,780
Net book amounts			
At 31 December 2019	3,769	313	4,082
Cost			
At 1 January 2018	24,895	-	24,895
Additions	711	1,530	2,241
Transfer from capital work in progress	1,148	(1,148)	-
At 31 December 2018	26,754	382	27,136
Accumulated amortisation			
At 1 January 2018	20,281	-	20,281
Charge for the year (Note 14)	1,632	-	1,632
At 31 December 2018	21,913	-	21,913
Net book amounts			
At 31 December 2018	4,841	382	5,223

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31 December 2019 – Continued)

7 Other receivables		
	2019	2018
	AED'000	AED'000
Prepayments	18,311	18,647
Staff advances	88	115
Other financial receivables	3,016	1,247
Total	21,415	20,009

8 Cash and cash equivalents		
	2019	2018
	AED'000	AED'000
Fixed deposits accounts	116,700	100,000
Current accounts	61,571	82,578
Cash on hand	18	27
Cash and cash equivalents	178,289	182,605

All bank balances are held with A3 Moody's rated bank licensed in the UAE. The interest rates on fixed deposit accounts were in the range of 1.86% to 3.91% p.a. for the year ended 31 December 2019 (2018: 2.00% to 3.91%).

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31 December 2019 – Continued)

9 Employees' end of service benefits

The following summarises the components of net defined benefit expense recognised in the statement of financial performance:

	2019	2018
	AED'000	AED'000
Current service cost	3,485	3,619
Defined benefit plan net assets	3,485	3,619

	2019	2018
	AED'000	AED'000
Present value of defined benefit obligations	(33,090)	(28,027)
Fair value of plan assets	31,825	28,656
Net defined benefit (liability)/asset	(1,265)	629

Changes in the present value of the defined benefit obligation are as follows:

	2019	2018
	AED'000	AED'000
Obligation at beginning of the year	(28,027)	(29,238)
Current service cost	(3,485)	(3,619)
Interest cost	(1,016)	(885)
Actuarial losses obligation	(1,951)	(937)
Benefits paid from plan	1,389	6,652
Obligation at end of the year	(33,090)	(28,027)

Changes in the fair value of plan assets are as follows:

	2019	2018
	AED'000	AED'000
Fair value of plan assets at the beginning of the year	28,656	30,075
Employer contribution	4,223	4,940
Expected return on plan assets	462	241
Actuarial (losses)/ gains	(127)	52
Benefits paid from plan	(1,389)	(6,652)
Fair value of plan assets at end of the year	31,825	28,656

Plan assets comprise of cash at bank for 100% (2018: 100%).

The significant actuarial assumptions in calculating the definied benefit obligation are estimates of the long term salary growth rate of 1.75% for 2019 and 3% thereafter (2018:1.75% and 3% thereafter), the discount rate representing the time value of money of 2.75% (2018: 3.75%) and the rate of withdrawal of employees from the scheme of 10% (2018: 10%).

The sensitivity of the defined benefit obligation to changes in these assumptions (on the basis that the other assumptions remain the same) is:

	Estimate	Change in assumption	Increase / (decrease) in defined benefit obligation AED '000
Salary growth rate	1.75% for 2019 and 3% thereafter	+1% / -1%	1,890/(1,713)
Discount rate	2.75%	+1/-1%	(2,031)/2,244
Withdrawal rate	10%	+5% / -5%	523/(382)

10 Creditors, accruals and other liabilities

	2019	2018
	AED'000	AED'000
Employee related accruals	16,301	14,700
Trade creditors	1,890	5,417
Other accruals	5,838	4,454
Total	24,029	24,571

11 Related party transactions and balances

Related parties comprise the Government of Dubai, key management, and entities that operate together to achieve the policies of the government in Dubai. The DFSA is responsible for the regulation of financial and related activities at the DIFC and operates to achieve the goals and the policies set by the Government.

Balances with related parties arise generally from commercial transactions in the normal course of business on an arm's length basis. Balances with related parties at the statement of financial position date comprise:

Related party transactions are as follows:

Related party transactions:	2019	2018
	AED'000	AED'000
Appropriations from Government	117,420	117,420
	117,420	117,420

	2019	2018
	AED'000	AED'000
Salaries and performance bonus	13,696	16,244
Other emoluments and benefits	5,394	5,841
	19,090	22,085

Refer to note 98 for details of the Board of Directors' costs.

Dubai Financial Services Authority Notes to the Financial Statements

(for the year ended 31 December 2019 – continued)

12 Other income		
	2019	2018
	AED'000	AED'000
Interest on fixed deposits	3,517	2,634
Fines levied	-	873
Other income	474	-
	3,991	3,507

The fines resulted from contraventions of the DFSA's rules. These fines were imposed following the conclusion of investigations conducted by DFSA staff.

13 General and administration costs		
	2019	2018
	AED'000	AED'000
Staff costs (Note 15)	130,635	125,542
Office rent	7,619	7,335
Software licensing and maintenance	4,558	4,572
Regulatory travel, conferences, seminars and training	4,447	4,321
Legal, consultancy and professional fees	4,119	5,641
Communication an IT system and equipment maintenance	3,171	3,315
Amortisation	1,867	1,632
Recruitment costs	1,446	2,944
Depreciation (Note 5)	1,441	1,380
Marketing expenses	1,424	604
Vehicle lease and maintenance	155	155
Loss on sale of fixed assets	9	3
Other expenses	2,802	2,958
	163,693	160,402

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31 December 2019 – Continued)

14 Staff costs

	2019	2018
	AED'000	AED'000
Salaries	68,963	68,085
Other benefits	57,449	52,517
Employees' end of service benefits	4,223	4,940
	130,635	125,542

15 Board of directors' costs

	2019	2018
	AED'000	AED'000
Retainer fees	5,644	5,641
Attendance fees	2,731	2,639
Travel	2,513	2,458
Other	3,475	3,221
	14,363	13,959

16 Operating lease commitments

The aggregate lease commitments under non-cancellable operating leases are as follows:

	2019	2018
	AED'000	AED'000
Expiring within one year	7,619	7,587
Later than 1 year and no later than 5 years	0	7,850
	7,619	15,437

Dubai Financial Services Authority
Notes to the financial statements
(for the year ended 31 December 2019 – continued)

17 Comparatives

Certain comparative figures have been re-arranged, where found necessary so as to conform to the current year presentation adopted in these financial statements.

18 Post financial position date events

On 14 January 2020, HH Sheikh Mohammed Bin Rashid Al Maktoum, the Ruler of Dubai approved the DIFC Employment Amendment Law (DIFC Law No 4 of 2020), which amended Article 66 of DIFC Employment Law no. 2 of 2019 in respect of the requirements on employers in the DIFC to provide for EOSG for their employees. The Employment Regulations made by the Board of Directors of DIFCA, setting out the details for the new arrangements came into force on 1 February 2020.

As a result of the changes to the Law, the previous end of service gratuity scheme was replaced by different obligations on DIFC employers. Employers must now join and contribute to a Qualifying Scheme. Pursuant to Article 66 of the Law, the DFSA, as an employer, must either make mandatory contributions to a professionally managed and regulated scheme or continue an existing arrangement as an exempt scheme.

The changes to the Law do not impact contributions that were made prior to 1 January 2020. The DFSA is obliged to ensure the benefits to its employees, accrued up to 31 January 2020, are calculated based on salary as at the end of service of the employee and are paid upon termination of employment.

On 7 January 2020, HH Sheikh Mohammed Bin Rashid Al Maktoum, the Ruler of Dubai approved the Regulatory Amendment Law (DIFC Law No 2 of 2020) which amended Regulatory Law No 1 of 2004 by inserting a new Article on General Reserve.

The changes provide that the DFSA shall maintain a general cash reserve equal to two times its annual expenditure and that the DFSA may apply any income, penalty or surplus towards meeting the general cash reserve.

The change to the Regulatoty Law shall impact the agreement with the Department of Finance referred to in Note 2.11

Dubai Financial Services Authority

Statement of Financial Position (presented in USD) (unaudited)

	Note	2019 USD'000	2018 USD'000
Assets			
Non-current assets			
Property and equipment	5	1,409	1,043
Intangible assets	6	1,112	1,423
		2,521	2,466
Current assets			
Other receivables	7	5,835	5,452
Cash and equivalents	8	48,581	49,756
Defined benefit plan net assets	9	-	171
		54,415	55,379
Total assets		56,937	57,845
Equity and liabilities			
Equity			
Contributed capital and reserves			
Contributed capital		1,568	1,568
Reserve of the DFSA	2.11	27,248	27,248
Employees' end of service benefit scheme cumulative actuarial loss	9	(738)	(206)
Net equity		28,078	28,610
Liabilities			
Current liabilities			
Fee income received in advance	2.10	17,647	13,185
Amounts due to Government	11	4,319	9,355
Creditors, accruals and other liabilities	10	6,548	6,695
Defined benefit plan net liabilities		345	-
		28,859	29,235
Total liabilities		28.859	29,235
Total equity and liabilities		56,937	57,845

Dubai Financial Services Authority

Statement of Financial Performance (presented in USD) (unaudited)

		2019	2018
	Note	USD'000	USD'000
Appropriations from Government	2.10, 4	31,995	31,995
Fee income	2.10	20,166	18,786
Other income	12	1,087	956
Total income		53,248	51,737
General and administration costs	13	(44,602)	(43,706)
Board of Directors' costs	15	(3,914)	(3,804)
Financial Markets Tribunal costs		(413)	(309)
Total expenses		(48,929)	(47,819)
Excess of income over expenditure for the year		4,319	3,918

Dubai Financial Services Authority

Statement of changes in equity (presented in USD) (unaudited)

	Contributed capital	Reserve of the DFSA	Employees' end of service benefit scheme cumulative actuarial gain/(loss)	Accumulated surplus	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January 2018	1,568	32,685	49	-	34,302
Excess of income over expenditure for the year	-	-	-	3,918	3,918
Transfer to Government	-	-	-	(3,918)	(3,918)
Transfer to Reserve of the DFSA (Note 2.11)	-	(5,437)	-	-	(5,437)
Remeasurement of employees' end of service benefit obligation (Note 9)	-	-	(255)	-	(255)
At 31 December 2018	1,568	27,248	(206)	-	28,610
Excess of income over expenditure for the year	-	-	-	4,319	4,202
Transfer to Government	-	-	-	(4,319)	(4,202)
Remeasurement of employee's end of service benefit obligation (Note 9)	-	-	(532)	-	(532)
At 31 December 2019	1,568	27,248	(738)	-	28,078

Dubai Financial Services Authority

Statement of cash flows (presented in USD) (unaudited)

	Note	2019 USD'000	2018 USD'000
Operating activities			
Excess of income over expenditure for the year		4,319	3,918
Adjustments for the following items:			
Depreciation	5	393	376
Amortisation	6	509	445
Loss on disposal/write off of property and equipment		2	1
Provision for end of service benefits	14	1,151	1,346
Interest received	12	(958)	(718)
Other non-cash operating costs		(18)	(198)
Operating cash flows before payment of amount payable to Government and changes in working capital		5,398	5,170
Amount paid to Government of Dubai		(9,354)	-
Changes in working capital:			
Contributions made to the end of service benefits	9	(1,151)	(1,346)
Prepayments and receivables, net of interest receivable		(414)	1,035
Fee income received in advance		4,462	445
Creditors, accruals and other liabilities		(147)	501
Net cash (used in)/ generated from operating activities		(1,206)	5,805
Investing activities			
Purchase of property and equipment	5	(761)	(133)
Purchase of intangible assets	6	(198)	(611)
Interest received		990	718
Net cash generated from/ (used in) investing activities		31	(26)
Net (decrease)/ increase in cash and cash equivalents		(1,175)	5,779
Cash and cash equivalents, beginning of the year	8	49,756	43,977
Cash and cash equivalents, end of the year	8	48,581	49,756

Board and Senior Officers Remuneration Disclosure

Disclosure of remuneration:		
The following table sets forth the total remuneration received or due and receivable for the fiscal year ended 31 December 2019 and 31 December 2018 by the Board and Senior Officers of the DFSA		
Remuneration of the Chairman and non-Executive Board members:		
Remuneration bands	2019 Board members	2018 Board members
$50,001 to $100,000	0	2
$100,001 to $200,000	5	4
$200,001 to $250,000	4	3
>$250,001	1	1
	2019 (USD)	2018 (USD)
The aggregate amount of remuneration of non-Executive members of the Board shown above.	2,258,929	2,258,029

Notes:
(1) Remuneration is pro-rated based on actual duration of service during the year.
(2) Remuneration of non-Executive Board members is comprised primarily of an annual retainer plus meeting attendance fees (for meetings of the full Board and its committees). Travel allowances are also paid. Board retainer fees during 2019 were USD 1,356,749 (Chairman's retainer fee was USD 466,796 per annum). Board meeting attendance fees were USD 7,192 per meeting (Chairman's meeting attendance fee was USD 15,913 per meeting).
(3) Committee membership fees during 2019 were USD 599 per member (Committee Chairman fee was USD 1,199). Committee attendance fees were USD 2,877 per meeting.
(4) The Chairman of the DFSA does not receive fees for membership of committees or for attendance at committee meetings. The Chief Executive of the DFSA does not receive fees for membership of the Board or its committees or for attendance at Board meetings or committee meetings.
(5) Other members of the Executive who serve as members of Board committees or attend Board meetings also do not receive fees for such membership or attendance.
(6) All of the amounts above are exclusive of VAT. The DFSA pays VAT on Board Remuneration to Board Members but as the DFSA is a Designated Government Body it can reclaim the VAT it pays from the Federal Tax Authority.

Remuneration of the Chief Executive and Senior Officers:		
Remuneration bands	2019 Executives	2018 Executives
USD'000	USD'000	USD'000
Up to $300,000	-	-
$300,001 to $500,000	2	2
$500,001 to $900,000	5	6
>$900,000	1	1
	8	9
	2019 (USD)	2018 (USD)
The aggregate amount of remuneration of Executives shown above:	5,201,675	5,702,616

Executive remuneration included in the above comprised:		
	2019 (USD)	2018 (USD)
Salaries and performance bonuses	3,731,862	4,426,130
Other emoluments and benefits	1,469,813	1,591,633

Notes;
(1) Salaries and bonuses are pro-rated based on actual duration of service during the year.
(2) Other emoluments and benefits include housing allowance, flight allowance, education allowance, premium paid for medical and life and end of service accrual/pension contribution for the year 2019.

Authorised Firms Licensed in 2019

Firm name
A
APM Advisory Limited
Actis UK Advisers Limited
Adsum Capital Limited
Affirma Capital MENA Ltd
Alarabi Investments Limited
Altica Partners (DIFC) Limited
B
Banco de Crédito do Sul SA
Berauk Ltd
C
CES Investments Limited
CMC Markets Middle East Limited
Cantor Fitzgerald Europe (DIFC Branch)
Century Private Wealth Limited
Charles Monat Associates Limited
Colchester Global Investors Middle East Limited
E
Edenhurst Capital Limited
EFG (Middle Eat) Limited
Ellington Capital Limited
Emaar Capital (DIFC) Limited
Equiom (Isle of Man) Limited
F
Farringdon Asset Management Pte Ltd
Fenchurch Faris Reinsurance Brokers (DIFC) Limited
Frere Hall Capital Management (Malta) Ltd
FundedByMe MENA Limited
G
GRIP (DIFC) Ltd.
I
IPG Howden (DIFC Branch)
Impaxis Asset Management Middle East Limited
J
JB Drax Honoré (DIFC) Limited
Jadwa Investment (DIFC) Limited
K
Key Capital Ltd
Kingdom Brokerage Re (DIFC) Limited
Kotak Mahindra Bank Limited
L
Liechtensteinische Landesbank AG (DIFC Branch)
Likvidi Securities Ltd
M
MBF Capital (DIFC) Ltd
Matador Investment Management Ltd
Maybank Islamic Berhad (Dubai-DIFC Branch)
N
New Street Management Limited
P
P79 Capital Limited
Permaneo Capital Ltd
Plutus Associates Capital Limited
Q
Quayside Reinsurance Company Limited
Quilter Cheviot Limited (DIFC Branch)
R
Red Spear Capital (DIFC) Limited
S
Sidra Capital Limited
Sovereign Asset Management Limited
StratLink Advisory Group Limited
Strategic Value Partners, LLC

AUTHORISED FIRMS LICENSED IN 2019

T
The Mauritius Commercial Bank Limited DIFC (Representative Office)
Thoma Bravo LLC
Trading Point MENA Limited
U
Utmost Worldwide (DIFC) Limited
V
Vontobel Financial Products Ltd.
W
Wahed Invest LLC
Wethaq (Capital Markets) Ltd.
World First UK Limited (DIFC Representative Office)
Y
YNI Capital Investments

Refer to the DFSA website for full public register of all DNFBPs.

DNFBPs Registered in 2019

Firm name
Alyiant Consultancy Limited
CW GLOBAL ADVISORY SOLUTIONS LLC
Chesterfield Administrative Services
Christie's Ltd
Fiori Jewels Limited

Refer to the DFSA website for full public register of all DNFBPs.

MEMORANDA OF UNDERSTANDING SIGNED IN 2019

BI-LATERAL
Bank al Maghrib, Morocco
UK Financial Conduct Authority – re AIFMD (UK FCA)
Smart Dubai MoU
Central Bank of Egypt (CBE)
Saudi Arabian Monetary Authority (SAMA)
China Banking and Insurance Regulatory Commission (CBRIC)

INNOVATION AGREEMENTS ESTABLISHED IN 2019

BI-LATERAL
Cooperation Agreement with Luxembourg's Commission de Surveillance du Secteur Financier (CSSF)

Refer to the DFSA website for the full list of MoUs.

New Listings in 2019

Issuer	Security	Listing venue	Amount raised
Dar Al-Arkan Sukuk Company Ltd	Debenture	Nasdaq Dubai	USD600,000,000
DIB Sukuk Limited	Debenture	Nasdaq Dubai	USD750,000.000
DIB Tier 1 Sukuk (3) Limited	Debenture	Nasdaq Dubai	USD750,000,000
DP World Crescent Limited	Debenture	Nasdaq Dubai	USD342,276,000
DP World Crescent Limited	Debenture	Nasdaq Dubai	USD157,724,000
DP World Crescent Limited	Debenture	Nasdaq Dubai	USD1,000,000,000
DP World PLC	Debenture	Nasdaq Dubai	USD401,830,000
DP World PLC	Debenture	Nasdaq Dubai	USD98,170,000
DP World PLC	Debenture	Nasdaq Dubai	USD300,000,000
Emaar Sukuk Limited	Debenture	Nasdaq Dubai	USD500,000,000
Emirates Development Bank PJSC	Debenture	Nasdaq Dubai	USD750,000,000
Emirates NBD Bank PJSC	Debenture	Nasdaq Dubai	USD1,000,000,000
IDB Trust Services Limited	Debenture	Nasdaq Dubai	EUR1,000,000,000
IDB Trust Services Limited	Debenture	Nasdaq Dubai	USD1,500,000,000
IDB Trust Services Limited	Debenture	Nasdaq Dubai	USD1,500,000,000
Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch	Debenture	Nasdaq Dubai	USD500,000,000
Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch	Debenture	Nasdaq Dubai	USD500,000,000
MAF Sukuk Ltd	Debenture	Nasdaq Dubai	USD600,000,000
MAF Sukuk Ltd	Debenture	Nasdaq Dubai	USD600,000,000
Perusahaan Penerbit SBSN Indonesia III	Debenture	Nasdaq Dubai	USD151,220,000
Perusahaan Penerbit SBSN Indonesia III	Debenture	Nasdaq Dubai	USD598,780,000
Perusahaan Penerbit SBSN Indonesia III	Debenture	Nasdaq Dubai	USD167,895,000
Perusahaan Penerbit SBSN Indonesia III	Debenture	Nasdaq Dubai	USD1,082,105,000
Sharjah Sukuk Programme Limited	Debenture	Nasdaq Dubai	USD750,000,000
Sharjah Sukuk Programme Limited	Debenture	Nasdaq Dubai	USD1,000,000,000
SIB Tier 1 Sukuk Company	Debenture	Nasdaq Dubai	USD500,000,000

Refer to the DFSA website for all Listings.

DFSA Administered Law and Rule Amendments in 2019

DFSA LAWS AND RULES

The Board of Directors made amendments to the DFSA's Rulebook as follows:

- Notice of Amendments dated 20 February 2019 announced Rulemaking Instruments No. 233 – 238 which made amendments to the DFSA rulebook related to a protocol for the marketing of domestic funds in the UAE.
- Notice of Amendments dated 20 February 2019 announced Rulemaking Instruments No. 239 – 240 which made miscellaneous amendments to the DFSA Rulebook.
- Notice of Amendments dated 27 June 2019 announced Rulemaking Instruments No. 253 – 257 which made amendments to the DFSA Rulebook relating to the use of crowdfunding platforms to invest in property.
- Notice of Amendments dated 27 June 2019 announced Rulemaking Instrument No. 258 which made amendments to the Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module of the DFSA Rulebook.
- Notice of Amendments dated 19 December 2019 announced Rulemaking Instruments 247 – 252, which amended the DFSA's fund management regime to permit the use of fund platforms in the DIFC.
- Notice of Amendments dated 19 December 2019 announced Rulemaking Instruments 241 and 259, which amended the DFSA's suitability requirements and introduced continuing professional development requirements.

The Board of Directors also recommended for enactment by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Ruler of Dubai, the Collective Investment Amendment Law, DIFC Law No. 3 of 2019, which came into force on 29 December 2019. The law made amendments to the fund regime in the DIFC.

MODULE OF THE DFSA SOURCEBOOK

The Chief Executive made amendments to the DFSA sourcebook as follows:

- The AFN module was updated on five occasions in 2019.
- The PRN module was updated once in 2019.

Glossary

Glossary	
A	
ADGM	Abu Dhabi Global Market
AF	Authorised Firm
AFM	Netherlands Authority for the Financial Markets
AFSA	Astana Financial Services Authority
AMERC	Africa and Middle East Regional Committee
AMI	Authorised Market Institution
AML	Anti-Money Laundering
AMLSCU	Anti-Money Laundering Suspicious Cases Unit (now referred to as the Financial Intelligence Unit of the UAE Central Bank)
AOT	Amsterdam Option Traders
ASIC	Australian Securities and Investments Commission
B	
BCBS	Basel Committee on Banking Supervision
BCG	Basel Consultative Group
C	
CBUAE	Central Bank of the United Arab Emirates
CCP	Central Counterparty Clearing
CEO	Chief Executive Officer
CIR	Collective Investment Rules
COO	Chief Operating Officer
ComFrame	Common Framework for the Supervision of Internationally Active Insurance Groups
CP	Consultation Paper
CRA	Credit Rating Agency
CTF	Counter-Terrorist Financing
D	
DFSA	Dubai Financial Services Authority
DIFC	Dubai International Financial Centre
DIFCA	Dubai International Financial Centre Authority
DMC	Decision-Making Committee
DME	Dubai Mercantile Exchange
DNFBP	Designated Non-Financial Business or Profession
E	
ESMA	European Securities and Markets Authority
EU	European Union
F	
FATF	Financial Action Task Force
FCA	Financial Conduct Authority
FinTech	Financial Technology
FMT	Financial Markets Tribunal
FSAP	Financial Sector Assessment Programme
FSB	Financial Stability Board
FSRA	Financial Services Regulatory Authority
G	
GCC	Gulf Cooperation Council
GFIN	Global Financial Innovation Network
H	
HKSFC	Hong Kong Securities and Futures Commission
HR	Human Resources
I	
IA	Insurance Authority of the UAE
IAIG	Internationally Active Insurance Group
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IC	Investment Company
ICPs	Insurance Core Principles
IFIAR	International Forum of Independent Audit Regulators
IFSB	Islamic Financial Services Board
IPSAS	International Public Sector Accounting Standards
IOSCO	International Organisation of Securities Commissions
ITL	Innovation Testing Licence
K	
KSA	Kingdom of Saudi Arabia
L	
LegCo	Legislative Committee
M	
MAS	Monetary Authority of Singapore
MENA	Middle East and North Africa
MESA	Middle East Studies Association
MMF	Money Market Fund
MoU	Memorandum of Understanding
MMoU	Multi-lateral Memorandum of Understanding

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