

THEMATIC REVIEW

# Conflicts of Interest







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# Executive Summary

The effective management of conflicts of interest is fundamental to maintaining market integrity, protecting clients' interests, and reinforcing confidence in the financial system of the Dubai International Financial Centre (DIFC).

Conflicts of interest may arise when financial services providers or their representatives have competing interests that could compromise their duty to act in their clients' interests and ensure fair treatment.

In line with its commitment to uphold fairness, transparency, and efficiency in financial services in the DIFC, the Dubai Financial Services Authority (DFSA) conducted a cross-sectoral

Thematic Review (Review) of conflicts of interest across Authorised Firms (Firms), excluding Representative Offices.

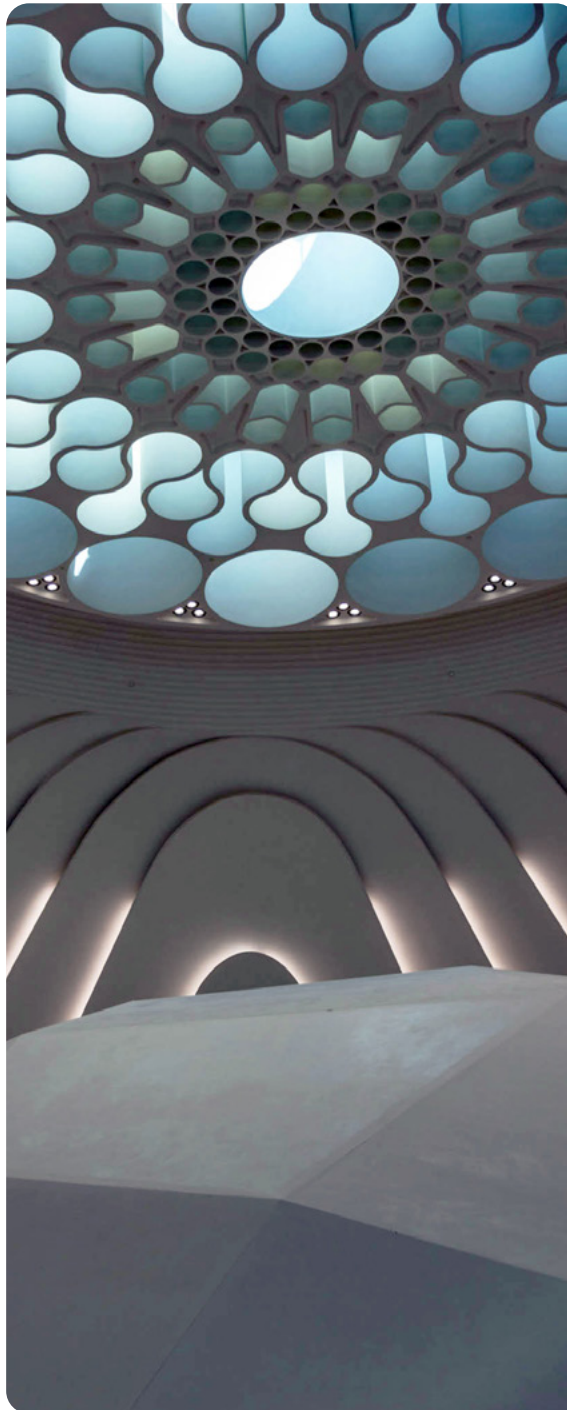
Conducted in two phases – an industry-wide survey followed by desk-based reviews and on-site visits to a select number of Firms – the Review assessed how Firms operating different business models and segments identify, manage, and mitigate conflicts of interest. The Review focused on several areas, including governance and risk management, identification and reporting, management and monitoring, record keeping, inducements, and training.





The Review identified that the standards and policies adopted by Firms varied significantly, ranging from fundamental deficiencies to areas of good practice. The overall results indicate a clear need for Firms to improve their policies, procedures, and control environments in relation to the management of conflicts of interest. Key findings include:

- **Policy gaps:** Whilst over 90% of Firms demonstrated having policies and procedures relating to conflicts of interest, most lacked clarity or did not sufficiently cover risk management related to conflicts of interest.
- **Lack of risk assessment:** More than a third of Firms, most of which are in the wealth management and advisory space, did not conduct an assessment on whether their business and operating model exposes them to conflicts of interest risks. Without such assessments, identification and management of these risks become nearly impossible.
- **Incomplete scope:** The scope of the types of conflicts of interest considered by several Firms was narrow or limited, resulting in the majority reporting extremely low levels of conflicts of interest.
- **Governance weaknesses:** Inconsistent escalation procedures and limited Board-level governance oversight was observed. Only a few Firms demonstrated active oversight or periodic review of conflicts of interest risks at the senior management level.
- **Over-reliance on employee disclosures:** Identification practices varied significantly between Firms, with an over-reliance on periodic employee disclosures which were frequently used as the primary control mechanism.
- **Informal decision-making:** Reviews and assessments of conflicts of interest were mostly based on informal judgement with a lack of supporting documentation, rather than having structured decision-making procedures in place.





- **Inadequate monitoring and reviews:** Areas related to conflicts of interest were not sufficiently covered as part of second- and third-line-of-defence monitoring practices.
- **Incomplete registers:** Conflicts of interest registers maintained were either incomplete or lacked the information necessary to support well-informed decisions.
- **Variable training and awareness:** Employee awareness practices varied significantly, with most Firms requiring enhancements to their training content, coverage, and frequency.
- **Inconsistent reporting:** Whilst the DFSA expects Firms to deal with the Authority in an open and co-operative manner, the Review identified several inconsistencies between Firms' survey responses and what was presented during the second phase of the Review.

Whilst highlighting the above areas for improvement, the Review also identified several good practices, including:

- **Policies and procedures:** Detailed conflicts of interest policies and procedures that are tailored to specific business lines and functions.
- **Oversight and governance:** Regular management information on conflicts of interest presented to the Board and governance forums with sufficient detail and standing agenda items.
- **Training:** The provision of scenario-based training tailored to specific roles or functions.
- **Independent monitoring:** Independent testing of conflicts of interest controls through compliance monitoring arrangements and internal audit.
- **Registers:** Use of technology to report, record, assess, and monitor conflicts of interest. Some Firms included the assessment of risk and impact with corresponding mitigation controls for each conflict of interest recorded.

Detailed findings for each of the key risk areas can be found in this report.



## Defined Terms and Disclaimers

Defined terms are capitalised in this report. These terms are defined either in this report or the [Glossary Module \(GLO\)](#) of the DFSA Rulebook.

Please note that this report is based on Firms' responses to the Thematic Review conducted by the DFSA referenced in this report and is

only intended to provide a general and informal overview of the matters stated in it. This report is not any form of, and must not be relied upon on, any basis whatsoever, as legal, professional, or any other form of advice and is provided on a general, non-binding basis only.



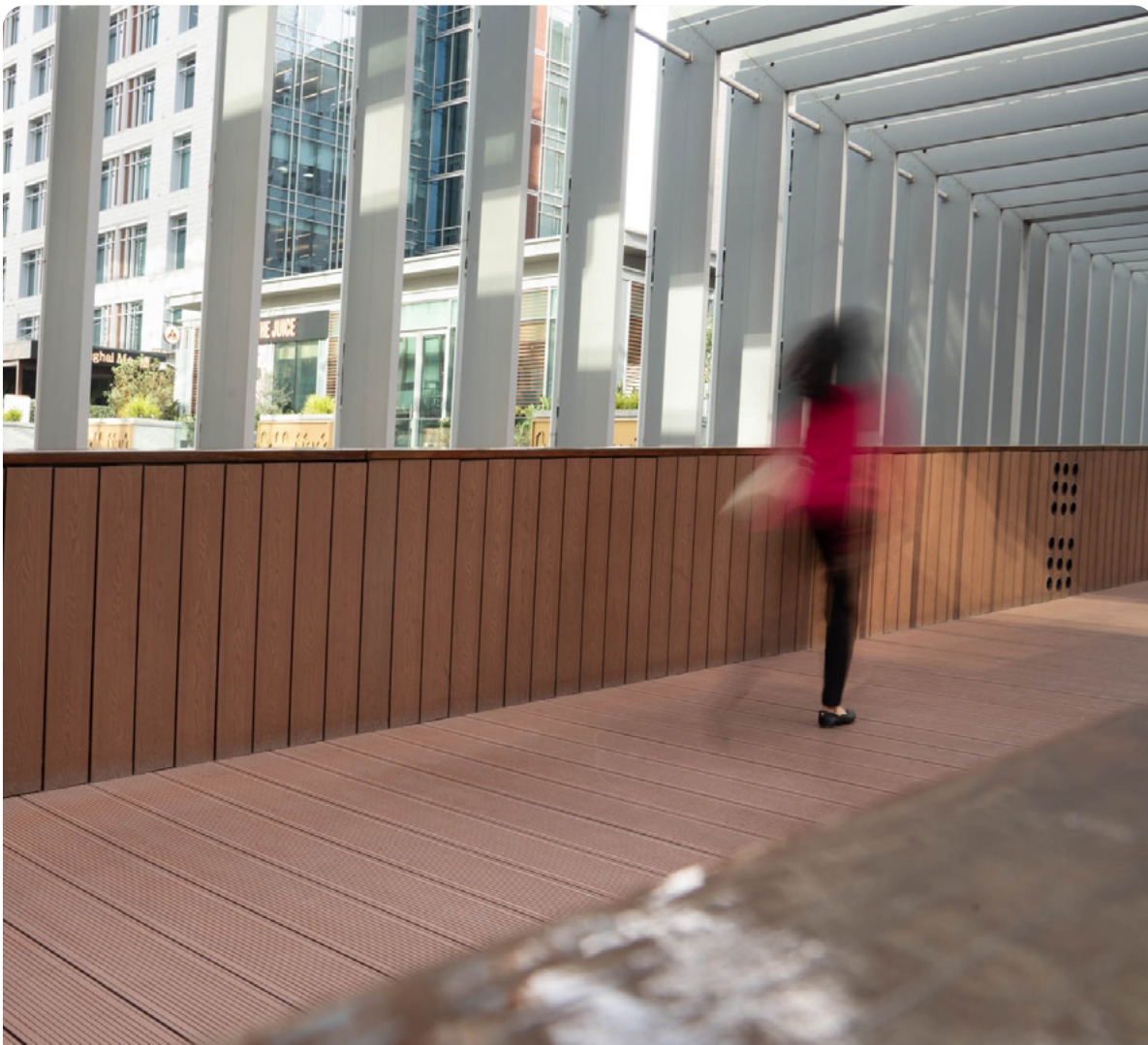
# Background

The management of conflicts of interest is a cornerstone of regulatory compliance and client protection in the financial services industry. Regulatory bodies across the world have implemented rules and oversight arrangements to manage and mitigate risks related to conflicts of interest. However, ongoing vigilance and proactive management of these risks remain important.

Various parts of the DFSA Rulebook, including but not limited to [Principle 7 – Conflicts of Interest](#) in Rule 4.2.7 of the General Module (GEN), and several sections in the Conduct of Business Module (COB), set out requirements for Firms in

managing their conflicts of interest arrangements, depending on the type of Financial Services that the Firm provides.

With the continued growth and development of financial services activities in the DIFC, the DFSA considers it imperative to assess how effectively Firms are managing conflicts of interest in practice. This Review forms part of the DFSA's broader supervisory work to uphold best practices, foster market confidence, and ensure that Firms maintain robust systems and controls to protect clients' interests.





# Scope and Methodology

The Review aimed to:

- Gain an understanding of conflicts of interest arrangements within Authorised Firms in the DIFC;
- Assess Firms’ level of compliance with DFSA’s regulatory requirements on conflicts of interest; and
- Identify good practice in the industry when dealing with conflicts of interest, as well as areas that require improvement.

The scope of the Review covered the following areas relating to conflicts of interest:

- Governance, policies and procedures, and risk management;
- Identification and reporting of conflicts of interest;
- Management of conflicts of interest;
- Monitoring and review of conflicts of interest;
- Record keeping;
- Inducements; and
- Training and awareness.

During 2025, the DFSA carried out the Review using a combination of an industry-wide survey, desk-based analysis, and on-site visits to Firms. The survey captured a total of 710 Firms across various sectors and business models. The DFSA was pleased to see that 97% of the 710 Firms responded to the survey.



## The Review methodology involved the completion of two key phases:

<b>Phase One</b>	Survey	A <i>Dear SEO Letter</i> was sent in February 2025 to 710 Firms, requesting responses to a survey regarding their conflicts of interest arrangements. The survey comprised a total of 32 questions split into eight broad areas.
<b>Phase Two</b>	Desk-based reviews and on-site visits	Following the completion of Phase 1, from a review of the survey responses as well as information available to the DFSA via periodic reporting and ongoing supervisory engagements, a sample of 25 Firms from various business models and licensed categories were selected for Phase 2. The second phase involved a desk-based review followed by on-site visits to these 25 Firms.

Following the conclusion of the review, the DFSA identified key themes, findings, as well as good and poor practices in a range of areas which are detailed in this report.

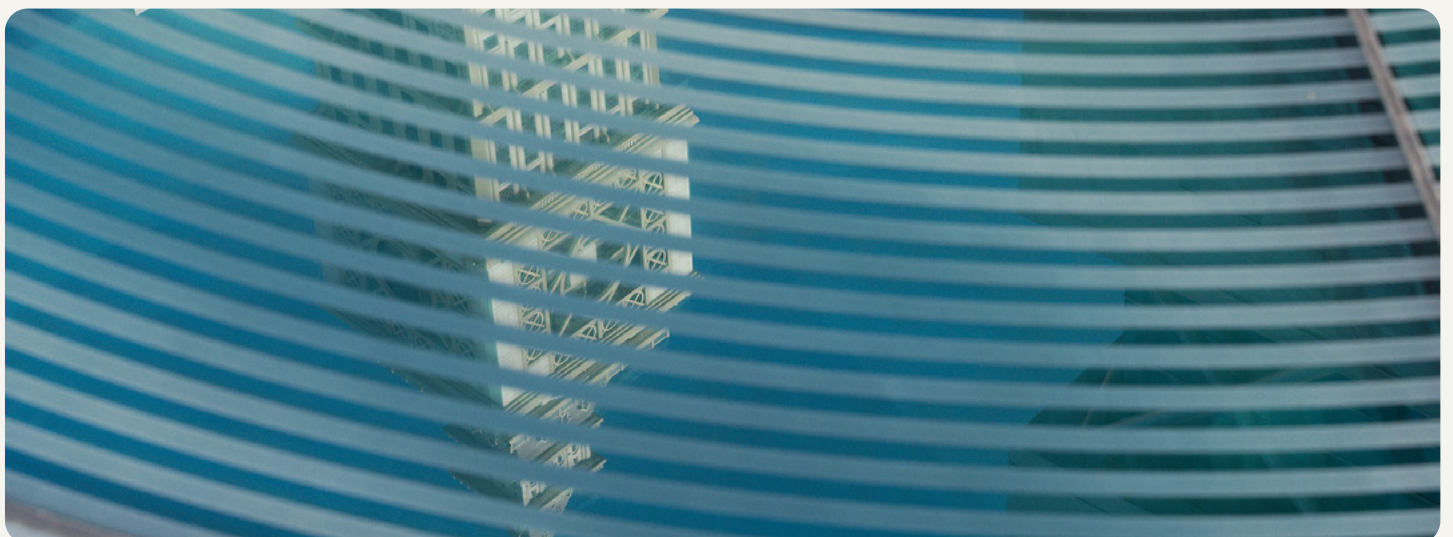
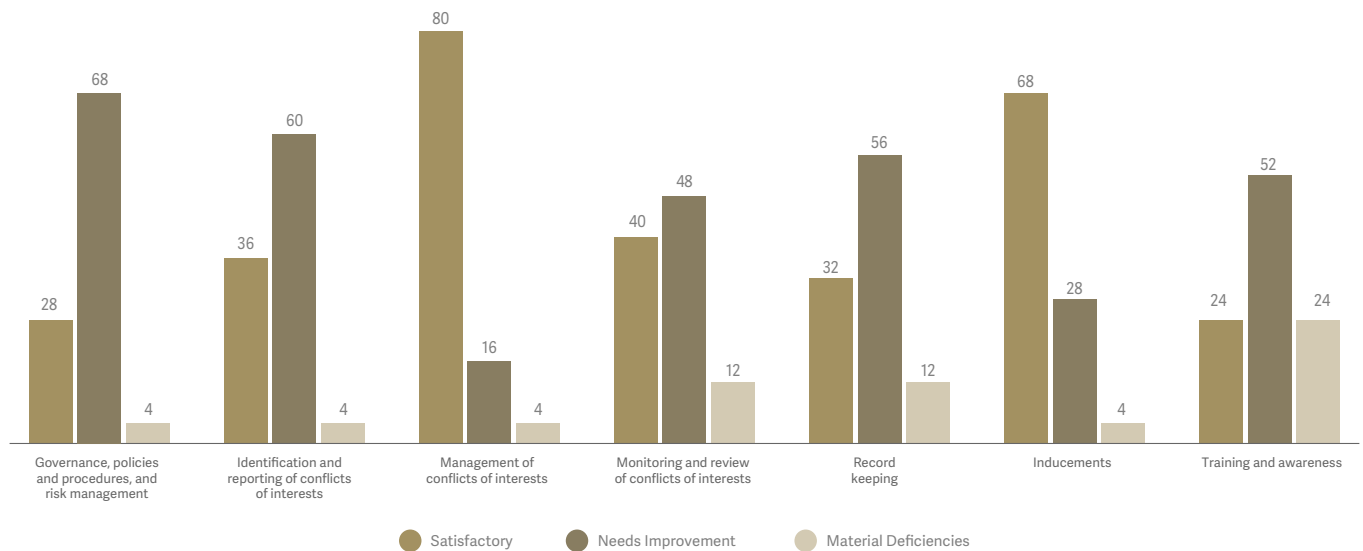


# Key Findings and Observations

This section sets out the DFSA's key findings and observations supported by an overview of regulatory expectations. It provides a consolidated view following the conclusion of Phase 1 and Phase 2.

The figure below broadly outlines the effectiveness of the seven areas of controls assessed as part of Phase 2. Most areas have been identified as requiring improvements. This is specifically the case in terms of governance, identification and reporting of conflicts of interest, record keeping, and training and awareness.

Figure 1: Effectiveness of conflicts of interest controls assessed



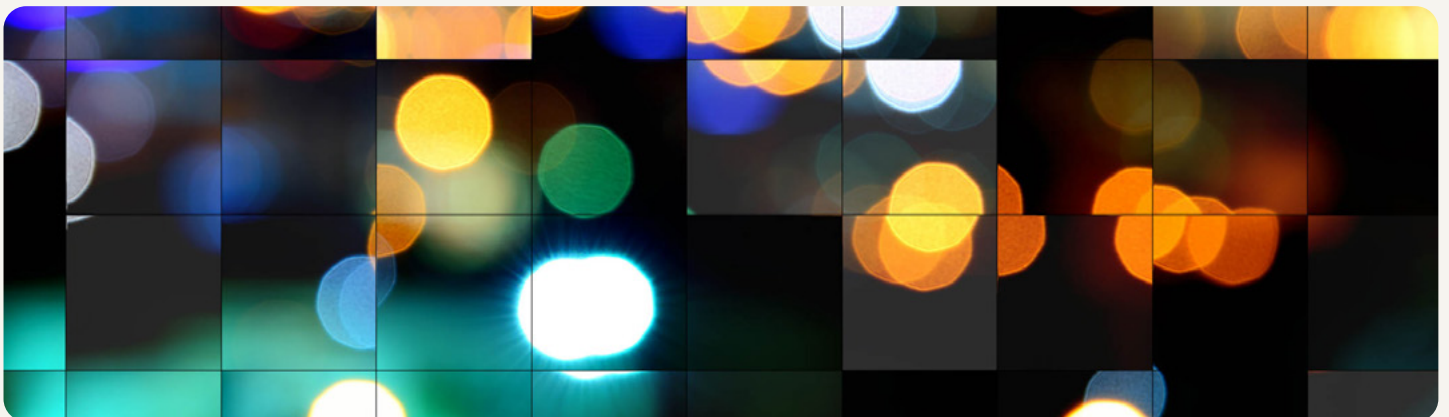
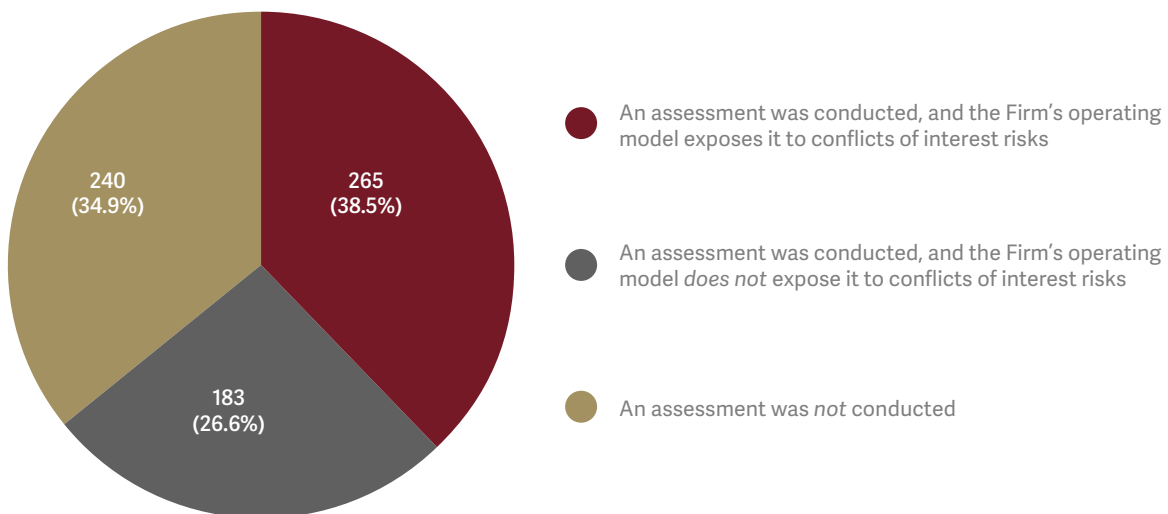
## Governance, Policies and Procedures, and Risk Management

### Overview

Having an effective governance and risk management framework is fundamental to ensuring that conflicts of interest are appropriately managed and related risks mitigated. Firms must ensure that their oversight, governance, and risk management arrangements, including policies and procedures, are relevant, adequate, and effective.

Survey responses indicated that a third of Firms did not conduct an assessment as to whether their business and operating model exposes them to conflicts of interest risks, and only around 38.5% of Firms confirmed that they had assessed and concluded that their business models are exposed to such risks.

Figure 2: Firms' assessment of business and operating model exposure to conflicts of interest risks





The majority of Firms whose assessments identified that their business models do not expose them to conflicts of interest risks were within the business models of advisory and arranging, wealth management, and brokerage.

### Regulatory Expectations

Firms are expected to assess whether their business models are exposed to conflicts of interest risks, develop a suitable conflicts of interest framework, and put in place detailed policies and procedures as appropriate to their business model. These should cover:

- Definition of conflicts of interest
- Procedures for identification, reporting, and managing of conflicts of interest
- Disclosure of conflicts of interest
- Inducements, gifts, and entertainment

- Record keeping
- Training and awareness
- Consequences for non-compliance with the policies and procedures

Firms should also ensure that appropriate, detailed, and regular management information on conflicts of interest is distributed to senior management and the Board.

### Overall Assessment

The Review identified inadequate governance, policies, procedures, and risk management arrangements in the majority of Firms. Almost three-quarters of the Firms subject to Phase 2 required improvements or had material deficiencies in the areas of governance, policies, procedures, and risk management.



### Areas for Improvement

- Whilst the majority of Firms confirmed having policies and procedures in place relating to conflicts of interest, on-site reviews identified that these policies and procedures were high-level and generic. As a result, they did not sufficiently cover the definition of what constitutes a conflict of interest or the relevant risks to which the Firm may be exposed. The overall scope and coverage of conflicts of interest risks was found to be limited, with policies and procedures not appropriately tailored to Firms' business models or operations.
- Several instances were noted where Firms had not prepared and reported management information on conflicts of interest to the Firms' Board and/or Governing Bodies. Further, where management information was being presented, it lacked sufficient details and was mostly limited to the volume of conflicts of interest identified.
- There was a general lack of discussion or challenge at the Board or Governing Body level on risks related to conflicts of interest. Furthermore, where there had been no conflicts of interest identified or recorded over several years, Firms could not demonstrate that the consistent lack of reporting of conflicts of interest had been discussed, questioned, or challenged by the Governing Bodies.
- Some Firms had not conducted any assessment to determine whether their business models and operations are exposed to conflicts of interest risks. As a result, Firms lacked a holistic understanding of the types of inherent risks related to conflicts of interest, to which their Firms may be exposed.
- Where Firms were part of a wider Group, there was an over-reliance on Group policies and procedures with no reference to the DIFC entity or a specific policy or procedure tailored to the DIFC-based business and operations.

### Good practices

- Some Firms' policies and procedures were appropriately tailored to the relevant Firm's business model, with distinct policies and procedures applying to separate lines of business and activities and including examples and scenarios relating to potential conflicts of interest. Where Firms were part of a wider Group, conflicts of interest policies and procedures included local addendums to reflect the DFSA's regulatory requirements.
- A number of Firms demonstrated having detailed and comprehensive policies and procedures setting out the end-to-end life cycle of conflicts of interest risk management, including defining the scope and types of conflicts.
- Annual attestations by employees confirming acknowledgement and understanding of the conflicts of interest policies and procedures were also observed in some Firms.
- Some Firms regularly presented information relating to conflicts of interest to the Board or Governing Body as a standing agenda item in the relevant committees and forums. Management information presented included a holistic view of the main conflicts of interest risks, a list of potential (including perceived) and actual conflicts of interest, the number of conflicts of interest identified, assessment of risks, the potential impact, and mitigating controls.
- Availability of comprehensive risk registers were also observed in some Firms which documented the types of conflicts of interest risks to which the relevant Firm is exposed, as well as the corresponding impact assessments and mitigation measures.



# Identification and Reporting of Conflicts of Interest

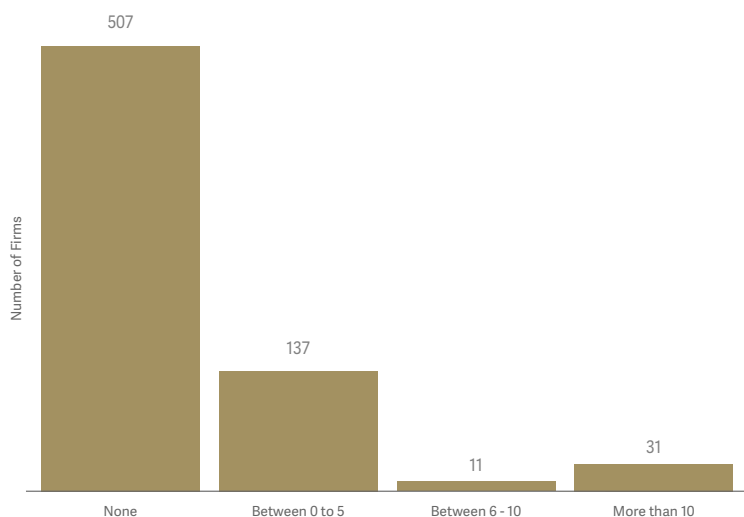
## Overview

Identifying and reporting conflicts of interest is key in the effective management of risks related to conflicts of interest.

The survey responses confirmed an extremely low level of conflicts of interest identified and recorded.

Three quarters of respondents confirmed having not identified any conflicts of interest during the preceding 24-month period.

Figure 3: Number of conflicts of interest identified and recorded by Firms during the last 24 months



## Regulatory Expectations

Firms must ensure that they have policies, procedures, and systems to effectively identify and report all relevant types of conflicts. Beyond actual or confirmed conflicts, the scope of Firms' conflicts of interest identification and reporting should include potential conflicts of interest (including any circumstances likely to be perceived as conflicts of interest).

Firms should not solely rely on ad hoc declarations from employees for the identification of conflicts of interest, but should proactively

identify any potential conflicts of interest through conducting regular reviews of business activities, client relationships, staff roles, and related and non-related third-party relationships.

## Overall Assessment

Whilst a number of Firms demonstrated having satisfactory arrangements for identifying and reporting conflicts of interest, more than half of the population required improvements, and a small population of Firms were found to have material deficiencies in this area.

### Areas for Improvement

- The volumes of conflicts of interest identified, recorded, and reported were found to be extremely low. It was a general observation that the definition and scope of conflicts of interest of several Firms were restrictive, and Firms had not appropriately considered all situations where they may be exposed to a conflict.
- Firms were mostly concentrating only on actual conflicts of interest and did not consider potential (including perceived) conflicts of interest as a matter of practice.
- There was over-reliance on disclosures and declarations by employees regarding personal conflicts of interest (e.g. outside business interests). There was lack of consideration of other types of conflicts of interest that may arise, such as transactional conflicts, conflicts between Firms and their clients, and conflicts between one client and another.
- Some Firms had limited methods for the identification of potential and actual conflicts of interest by relying solely on disclosures made by employees and directors and not proactively reviewing client or third-party relationships for any potential conflicts.

### Good practices

- Firms' policies documented the roles and responsibilities of those responsible for identifying and assessing conflicts of interest. Where conflicts of interest arrangements were centrally managed by a Group entity, the policies and procedures clearly documented the roles and responsibilities of the centralised function and the local entity.
- Firms had comprehensive policies and procedures setting out the process for the identification and reporting of conflicts of interest. In some instances, a list of potential sources of conflicts of interest was provided as guidance, alongside a list of business lines and activities which must be separately evaluated by the specific business areas.
- In a small number of Firms, the relevant Firm demonstrated having policies and procedures that included detailed process maps covering the identification, reporting and management of conflicts of interest, as well as reviews and approvals.
- Client relationships were reviewed through the onboarding process for potential conflicts by some Firms. Furthermore, third-party vendor relationships were governed by an internal conflicts of interest standard which formed part of the standard due diligence process conducted on third parties.
- Some Firms used technological solutions for reporting and recording of conflicts of interest.
- The practice of annual declarations by employees and Board members to disclose any known conflicts were also observed in some Firms.



# Management of Conflicts of Interest

## Overview

Effective management of conflicts of interest is crucial in ensuring that clients' interests are protected.

Firms must have adequate and effective policies, procedures, and systems to assist in the management of identified conflicts of interest. Management of conflicts of interest may include, as appropriate to the circumstances, disclosures to the client (including on actual or potential conflicts of interest).

Although around 90% of Firms responded that they would disclose conflicts of interest to clients should any be identified, 36% of Firms indicated that they would only disclose actual conflicts of interest and not disclose potential ones.

## Regulatory Expectations

Firms are expected to have clear procedures for managing conflicts of interest once identified, including appropriate controls such as information barriers, disclosure requirements, and segregation of duties. The management approach should be proportionate to the nature and severity of the conflict.

## Overall Assessment

Although generally, Firms subject to Phase 2 of the Review demonstrated having satisfactory practices for managing risks related to conflicts of interest, the Review identified that a considerable number of Firms' policies were restrictive thereby limiting the types of conflicts considered. Inadequacies in the identification of conflicts of interest could potentially hinder the effectiveness of Firms' overall management of conflicts of interest risks, with more than 60% of Firms requiring improvements in the identification of conflicts of interest.

### Areas for Improvement

- In general, the policies and procedures regarding the management of conflicts of interest were high-level. As a result, the policies and procedures did not sufficiently cover the control and management of conflicts of interest and did not always document the procedures and mitigation measures to be taken where conflicts of interest existed.
- Whilst measures regarding the management of conflicts of interest (e.g. information barriers, Chinese walls) were referred to in Firms' policies and procedures, these controls were not always fully implemented.
- Various conflicts of interest control measures referenced in the policies and procedures were not always relevant for Firms' business models or their operations.

### Good practices

- Some Firms implemented appropriate physical and technological segregation and information barriers (e.g. Chinese walls) in relation to specific functions and business lines due to the potential conflicts of interest risks (including improper disclosure).
- Effective segregation of duties with clearly defined front, middle, and back-office responsibilities were also observed in some Firms.
- A small number of Firms also demonstrated providing periodic disclosures to clients on both potential and existing conflicts of interest, as well as disclosing conflicts of interest to potential clients prior to conducting any Financial Services.
- Where entities followed Group policies, the DIFC entity provided annual certification to the Group, confirming compliance with the Group's conflicts of interest policies.

# Monitoring and Review of Conflicts of Interest

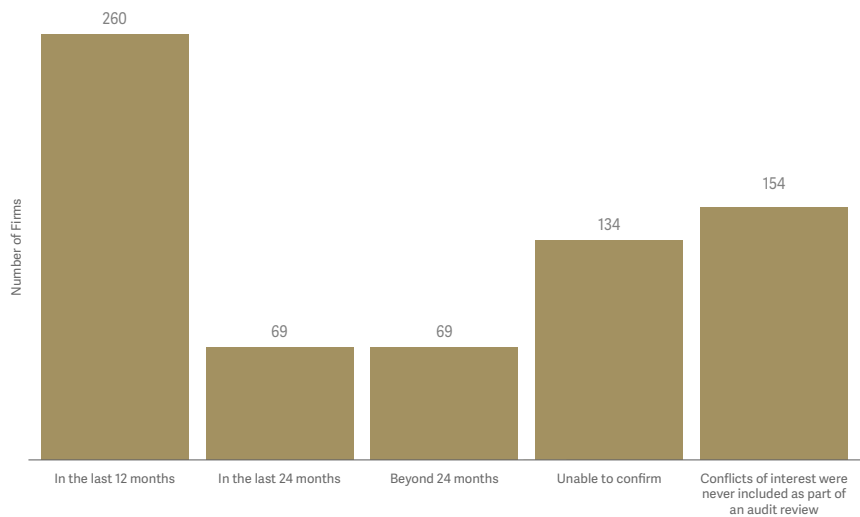
## Overview

Monitoring and reviewing conflicts of interest arrangements is essential to ensure that Firms’ arrangements are operating effectively, to prevent or mitigate any risks arising from conflicts of interest, as well as managing any potential reputational damage.

Whilst a majority of survey respondents confirmed having oversight arrangements on both actual

and potential conflicts of interest, several Firms provided oversight only on actual ones, whilst a small population of respondents confirmed having no oversight whatsoever. In addition, over one-fifth of respondents confirmed that conflicts of interest arrangements were never subject to an internal audit review, whilst another one-fifth could not confirm whether these arrangements were subject to internal audit.

Figure 4: Firms’ last internal audit review, covering conflicts of interest



## Regulatory Expectations

Firms must ensure that ongoing and independent monitoring, conducted by their second- and third-line control functions, is fit for purpose and operating effectively. Firms are expected to include management of conflicts of interest risks in their compliance monitoring arrangements and ensure that internal audit functions cover such risks at a level of detail and frequency that is suitable for the Firm’s nature, scale, and complexity.

## Overall Assessment

Whilst nearly two-fifths of the Firms assessed demonstrated having satisfactory monitoring and review arrangements, almost half of the Firms required improvements, and one-fifth had material deficiencies in their arrangements.



### Areas for Improvement

- Compliance monitoring arrangements established by Firms did not always include areas of testing relating to conflicts of interest arrangements.
- Where the testing of conflicts of interest arrangements formed part of the compliance monitoring arrangements, the coverage was found to be limited or not adequately tested.
- Some Firms had not effectively documented or formalised their monitoring and review processes, leading to a lack of clarity and consistency in ongoing compliance monitoring standards with respect to conflicts of interest.
- Firms confirmed that conflicts of interest arrangements, policies, procedures, and controls were not subject to regular internal audits.
- The effectiveness of compliance monitoring standards, in some cases, was found to be unsatisfactory, particularly where gaps had been observed in the Firms' overall conflicts management frameworks (e.g. in relation to client disclosures, information barriers, as well as minimal identification and reporting of conflicts).

### Good practices

- Where Firms were part of a wider Group, compliance monitoring and testing was conducted and assessed against minimum control and testing requirements set by the Group. In such cases, the compliance monitoring arrangements had been adapted for the local DIFC entity with incremental test scenarios included.
- As part of the wider operational risk management arrangements, Firms conducted stand-alone risk and control assessment testing (beyond the compliance monitoring arrangements) periodically which covered risks related to conflicts of interest.
- Firms' compliance monitoring plans detailed several types of conflicts of interest to be covered as part of the relevant Firm's ongoing monitoring and review arrangements (e.g. corporate conflicts and personal conflicts).
- Firms assessed testing requirements, results, relevant actions, status, and risk ratings that were clearly documented.



# Record Keeping

## Overview

Robust record keeping practices are a crucial element of an effective conflicts management framework.

Firms must ensure that they maintain adequate records of all conflicts of interest identified and reported, including their assessments of potential (including perceived) and actual conflicts. Sufficient information and details in relation to conflicts of interest need to be captured and recorded to assist with the effective oversight and management of risks related to conflicts of interest. These records should be regularly reviewed to ensure they are kept up to date.

## Regulatory Expectations

Firms are expected to maintain comprehensive registers that capture relevant information from identification through to resolution, including risk assessments, mitigation measures, approvals, and ongoing monitoring. Records should be sufficient to enable senior management and the Board to exercise effective oversight.

## Overall Assessment

Weaknesses were identified in record keeping arrangements. Whilst slightly over half of the Firms visited required improvements in their record keeping arrangements, over one-tenth had material deficiencies.

### Areas for Improvement

- Firms were found to maintain a conflicts of interest register, which in most instances was either blank or did not include entries consistently over a substantial period of time.
- Some Firms did not maintain any register to record conflicts of interest.
- Firms, as a matter of practice, only recorded actual conflicts of interest and did not routinely record or document potential (including perceived) conflicts.
- Conflicts of interest registers did not capture a sufficient level of information to support well-informed decisions or assessments regarding particular conflicts.

### Good practices

- Some Firms demonstrated having comprehensive and detailed conflicts of interest registers which capture relevant information from identification to review and assessment, as well as overall risk determination, internal governance, status, and controls. The outcomes of Firms' internal assessments were also documented with relevant approvals.
- Firms which formed a part of a Group used a centralised Group-wide system and/or database to record conflicts of interest in a systematic and consistent manner.
- A small number of Firms had implemented controls and specific user access rights in relation to the updating of registers, documenting internal approvals for new conflicts of interest, as well as material changes to the status of existing conflicts of interest, thereby ensuring that records are accurate and up to date.



# Inducements

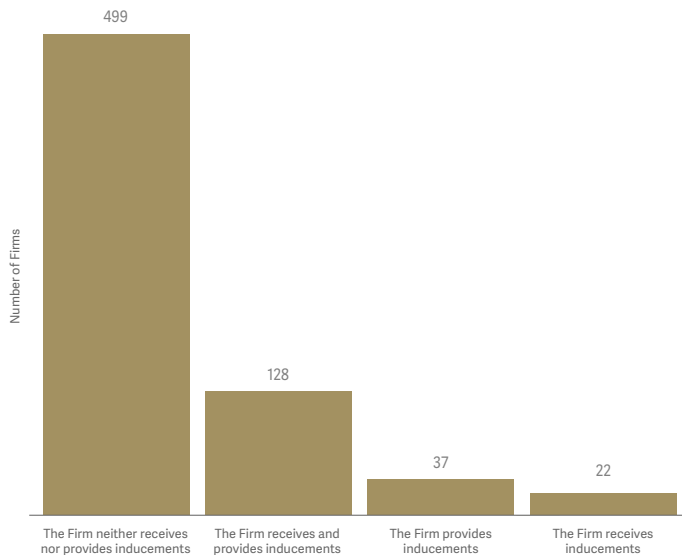
## Overview

Inducements are considered to be potential sources of conflicts of interest, as they may cause Firms or their employees to act in their own interests rather than in the best interests

of clients – potentially leading to poor client outcomes and unfair business practices.

Almost two-thirds of the respondents to the survey confirmed that they neither receive nor provide inducements.

Figure 5: Inducements received or provided by Firms as part of their Financial Services business



## Regulatory Expectations

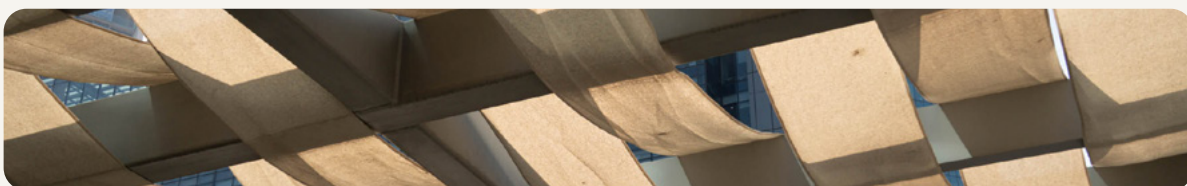
Firms should ensure, where applicable, that their policies and procedures comprehensively address the types of inducements relevant for the Firm and that the related conflicts of interest risks are appropriately considered, with effective monitoring and oversight arrangements in place. Such policies and procedures should include a clear definition of what constitutes an inducement, including direct and indirect benefits, clearly document the requirement for approvals and disclosures, and have proper procedures for

monitoring and record keeping of inducements in line with the DFSA's regulatory requirements.

Firms should bear in mind that, in certain circumstances, inducements are required to be disclosed to clients.

## Overall Assessment

Arrangements for managing inducements were generally satisfactory, with almost two-thirds of the Firms visited having arrangements in place. However, in almost one-third of the Firms visited, improvement areas were identified.



### Areas for Improvement

- The scope of Firms' policies and procedures on inducements were high-level, restrictive, and did not sufficiently cover the range of inducements received or provided by Firms, as well as the risks related to conflicts of interest.
- Firms' policies and procedures on inducements lacked clarity on the types of direct or indirect benefits that are considered permissible. There were inconsistencies in approach observed across internal documentation, potentially leading to confusion amongst employees regarding their obligations.
- Policies were found to be light touch on consequences should employees fail to appropriately report any inducements in line with the policy.
- Lack of effective monitoring and controls for managing conflicts of interest risks in relation to inducements was observed. Cases were identified where inducements were only identified and recorded following the disclosures provided by employees as part of their annual declarations.
- Firms that maintained gifts and entertainment registers did not include adequate details on the nature of a particular inducement (including whether this had been provided or received by the Firm). There was also no record of the assessment conducted by Firms as to whether an inducement was considered to conflict with any duties owed to clients, as well as the appropriate control measures.
- Whilst Firms maintained registers to record inducements received or provided, these did not always include sufficient information for senior management to make well-informed decisions or to assist with monitoring and controls.

### Good practices

- Several Firms had stand-alone and comprehensive policies and procedures covering inducements which addressed areas such as gifts, entertainment, and other benefits. By having stand-alone policies and procedures, Firms were able to demonstrate that the conflicts of interest risks relating to inducements are appropriately considered and prioritised.
- Firms also had policies and procedures which clearly defined the various types of inducements that are relevant for the Firm and its employees. Such policies and procedures clearly articulated the types of direct and indirect benefits that are prohibited by the Firm and specified the monetary thresholds or limits triggering notification and internal approvals.
- In some cases, Firms' policies and procedures included process flow maps outlining the relevant steps relating to notification and approvals for inducements.
- Some Firms were found to have well-established practices, including comprehensive records in relation to inducements, as well as dedicated systems for employees to disclose inducements and submit for approvals, including any associated expense claims in line with policies.

# Training and Awareness

## Overview

Employee training is critical in ensuring the effective management of conflicts of interest. Training and awareness programmes should equip employees with a practical understanding of conflicts of interest risks and their obligations to identify and report conflicts of interest in a timely manner, in line with the Firm's policies and procedures. Robust training and awareness programmes on conflicts of interest and their potential impact should assist in promoting an ethical and transparent workplace culture, avoiding reputational damage, as well as ensuring fair treatment of clients.

## Regulatory Expectations

Firms must ensure that training materials on conflicts of interest are adequate and relevant to the Firm, being tailored to its business model.

Training material should cover, at a minimum (as appropriate to the business model):

- the definition of conflicts of interest;
- procedures for identification;
- reporting and managing of conflicts of interest;
- tailored scenarios on conflicts of interest;
- inducements, gifts, and entertainment; and
- Personal Account Transactions.

Training should be ongoing and should be provided to all employees and directors of the Firm.

## Overall Assessment

Training and awareness was found to be an area which generally required improvement across a considerable number of Firms, with significant deficiencies identified in the case of several Firms.





### Areas for Improvement

- The contents of training related to conflicts of interest were found to be generic, high-level, and not appropriately tailored to Firms' business models or activities. Training materials lacked relevant context to sufficiently inform employees about conflicts of interest and the related risks. Training materials did not effectively highlight internal policies and processes for the identification, reporting, and the management of conflicts of interest or employees' obligations.
- Firms could not demonstrate that training on conflicts of interest had been conducted given the lack of supporting training materials and attendance records.
- In some instances, a complete absence of any employee training on the topic of conflicts of interest was observed.
- Some Firms required employees to provide annual attestations regarding compliance with conflicts of interest policies and procedures; however, no formal training on conflicts of interest and related policies and procedures was provided.
- Instances were identified where training was only conducted for new joiners as part of the induction process, with conflicts of interest not included as part of periodic training for employees.
- Inconsistencies were identified between Firms' training material contents and internal policies.

### Good practices

- Mandatory training related to conflicts of interest conducted for all employees on an annual basis, with incidences of non-completion escalated to senior management.
- Implementation of scenario-based conflicts of interest training programmes to ensure training is effective and tailored to the business model of the Firm.
- Introduction of interactive and comprehensive online training sessions for all employees.





### **About the DFSA**

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

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

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



[www.dfsa.ae](http://www.dfsa.ae)