



By email

4 June 2026

To: Senior Executive Officers (SEOs) of Authorised Firms

Re: DFSA regulatory expectations on artificial intelligence risk management in the DIFC

Dear SEOs,

The use of artificial intelligence (AI)¹ in financial services continues to develop, presenting potential benefits including improvements in operational efficiency, fraud detection, anti-money laundering controls, and enhanced data and analytics capabilities.

The Dubai Financial Services Authority's (DFSA) AI surveys conducted in 2024 and 2025 indicated continued acceleration in AI adoption among Authorised Firms ("firms") in the Dubai International Financial Centre (DIFC), with growth particularly pronounced in the adoption of Generative AI. Most firms reported that AI had been integrated into at least one operational area, with a majority indicating plans to deploy additional AI use cases over the next 12 months.²

The DFSA welcomes this pace of innovation. However, to support the safe adoption of AI and respond to requests for greater regulatory clarity and certainty, the DFSA is setting out its current regulatory expectations for firms using AI.

At this stage, we do not propose to introduce new or amended rules. Our expectations are based on the application of our current regulatory requirements, including the requirements identified below.

As the use of AI continues to evolve, we will monitor developments in the market and consider whether adjustments to our approach are necessary to address any new or increased risks.

DFSA regulatory expectations

Our regulatory approach is to identify and mitigate risks in alignment with our regulatory objectives, including risks arising from firms' reliance on different technologies, such as AI, and any potential harm that this reliance could potentially create for investors and the market.

In practice, this means that when we consider firms' use of technology, including AI or other emerging or established technologies, we objectively assess the associated risks and consider any potential adverse implications for our regulatory objectives or the outcomes we are seeking to achieve.

¹ For the purposes of this letter, AI means the theory and development of computer systems capable of performing tasks that traditionally require human intelligence.

² Please see a link to the AI Survey media release [here](#); and a link to the 2025 survey results [here](#).



Firms remain responsible for ensuring that their use of AI is consistent with applicable regulatory requirements. In this context, the DFSA highlights both:

- the principles set out in its 2021 Guidelines for Financial Institutions adopting Enabling Technologies; and
- the relevant provisions of the DFSA Rulebook, set out below.

Guidelines for Financial Institutions adopting Enabling Technologies

In 2021, the Guidelines for Financial Institutions adopting Enabling Technologies,³ (the Guidelines) were issued jointly with the other UAE financial services regulators. They set out cross-sectoral principles and best practices for firms to promote the safe and sound adoption of enabling technologies, including AI. The Guidelines emphasise governance, accountability, design, management, ethics and investor protection considerations relevant to AI use by firms.

Firms are expected to apply the Guidelines in a proportionate manner that reflects the scale and complexity of their business, as well as the nature, scope, complexity, and materiality of the innovative activities undertaken. While the Guidelines do not create new obligations for firms, the DFSA will continue to refer to them when engaging with firms on AI adoption.

Existing DFSA regulatory framework

Many risks related to the use of AI are not necessarily unique to the technology itself and can therefore be addressed through the DFSA's existing regulatory framework. Accordingly, we have several requirements already in place which are relevant to firms' safe use of AI.

The expectations outlined below are not exhaustive and firms should undertake their own assessment based on how they use AI.

1. Governance and accountability

DFSA Rulebook	<i>General module (GEN) Rule 4.2.3 - Principle 3 (Management, Systems and Controls)</i> Firms must ensure that their affairs are managed effectively and responsibly by their senior management and that adequate systems and controls are in place to comply with legislation applicable in DIFC.
DFSA expectations	These obligations apply in the same way as for any other process or technology. For example, firms remain responsible for ensuring that the use of AI is appropriately governed and controlled.

³ Please see a link to the Guidelines [here](#).

DFSA Rulebook	<i>GEN Rule 5.3.30</i> Governing bodies and senior management should have the relevant knowledge, skills, and expertise to effectively carry out their duties and functions.
DFSA expectations	Governing bodies and senior management should have sufficient understanding of AI-related risks (e.g. data integrity), limitations, and dependencies to enable effective oversight, challenge, and decision-making.

DFSA Rulebook	<i>GEN Rule 5.3.19</i> Firms must ensure that their employees are competent and capable of performing the functions assigned to them.
DFSA expectations	Individuals involved in the design, deployment, oversight, or use of AI should have appropriate skills and expertise to carry out their responsibilities effectively.

2. Risk management

DFSA Rulebook	<i>GEN Rule 4.2.2 - Principle 2 (Due skill, care and diligence):</i> Firms must conduct their business with due skill, care, and diligence.
DFSA expectations	This principle applies in the same manner as for any other process or technology. For example, firms should consider how their use of AI may impact their ability to operate with skill, care, and diligence.

DFSA Rulebook	<i>GEN Rules 5.3.4 and 5.3.5</i> Firms are required to: • Establish and maintain risk management systems and controls to enable them to identify, assess, mitigate, control, and monitor risks; and • Develop, implement, and maintain policies and procedures to manage the risks to which they, and where applicable, their customers or users are exposed.
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DFSA expectations	Firms are expected to ensure that risks arising from AI use cases are identified and managed on an ongoing basis, including through appropriate oversight, monitoring, and remediation where issues arise.
DFSA Rulebook	<i>GEN Rule 5.5.2</i> Firms are required to ensure that cyber risks are appropriately identified, assessed, and managed through a Cyber Risk Management Framework. This includes maintaining a documented framework, approved by the firm's governing body, with clearly defined roles, responsibilities, and controls – integrated into the firm's overall risk management framework and reviewed periodically to remain effective and up to date.
DFSA expectations	These expectations apply equally to cyber risks arising from a firm's use of AI.

3. Operational risk

DFSA Rulebook	<i>Prudential – Investment, Insurance Intermediation and Banking Module (PIB) Section 6 – Operational risk</i> Firms are required to: • Identify, assess, mitigate, and monitor operational risks arising from their products, activities, processes, and systems; and • Implement and maintain an operational risk management framework supported by appropriate systems and controls, with appropriate staffing levels and training in place to manage these risks effectively.
DFSA expectations	Where AI is used in a firm's products, activities, processes, or systems, firms should consider whether and how such use gives rise to operational risk.

4. Third-party arrangements and outsourcing

DFSA Rulebook	Firms that rely on third parties remain responsible for compliance with: • Obligations set out in <i>GEN Rules 5.3.21</i> and <i>5.3.22</i>; and • Expectations relating to the outsourcing and third-party risk management (<i>PIB Rule 6.8 – Outsourcing</i>).
DFSA expectations	Firms that rely on third parties in connection with their use of AI (such as external model providers, data vendors, cloud service providers, or software suppliers) remain responsible for compliance with DFSA requirements.

DFSA Rulebook	<i>GEN Rule 5.5.3</i> Firms are required to manage third-party cyber risk as an integral part of their Cyber Risk Management Framework. This includes undertaking appropriate due diligence on third-party providers of ICT services, ensuring that contractual arrangements require compliance with the firm's cyber security requirements, and ongoing oversight of the services provided.
DFSA expectations	These expectations apply equally to third-party arrangements supporting a firm's use of AI.

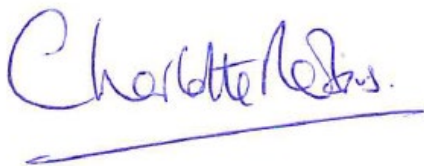
Other relevant regulatory and governmental frameworks

Firms should also take into account other relevant regulatory and governmental guidance applicable in the UAE in relation to the use of AI, where applicable. This includes guidance issued by UAE federal or local authorities, such as the *UAE Charter for the Development and Use of Artificial Intelligence*⁴ and the *AI Ethics Principles & Guidelines*.⁵

Next steps

Given the rapid pace of technological development and the evolution of AI use cases, the DFSA will continue to actively engage with firms, other financial regulators in the UAE, and international counterparts, to support the continued development of a regulatory approach that enables responsible innovation while safeguarding financial stability and investor protection.

Yours sincerely,



Charlotte Robins
Managing Director, Policy & Legal
Dubai Financial Services Authority

CC: Compliance Officers of Authorised Firms; and
Audit Principals of DFSA Registered Auditors

⁴ Please see a link to the Guidelines [here](#) – issued in June 2024

⁵ Please see a link to the Principles & Guidelines [here](#) – issued in December 2022