

DFSA: Newly Authorised Firms Engagement Session

Dubai Financial Services Authority
28 September 2026

Welcome to the DFSA

1. Opening Remarks – Chris Cameron, Senior Director, Conduct Supervision

2. DFSA Essentials – (1) Governance, Risk & Compliance; (2) Conduct of Business; (3) AML & Counter-Terrorism Financing

3. Markets – Suspicious Transaction & Order Reports

4. Operational & Cyber Risk – Strengthening resilience by proactivity

5. “Being Supervised” – DFSA’s key resources

6. Prudential

7. Closing Remarks



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Opening Remarks

Chris Cameron, Senior Director, Conduct Supervision

DIFC is home to community

More than 1,000 regulated entities



982

**Authorised
Firms**



147

**Designated
Non-Financial
Businesses and
Professions
(DNFBP)**



2

Exchanges



28

**Registered
Auditors**

Highest quality of regulation has attracted leading international firms to the DIFC

****as at 25 September 2026**

****as at 14 Sept 2026**

Growth of the DIFC

Focused on broadening and deepening the ecosystem



982

Authorised Firms



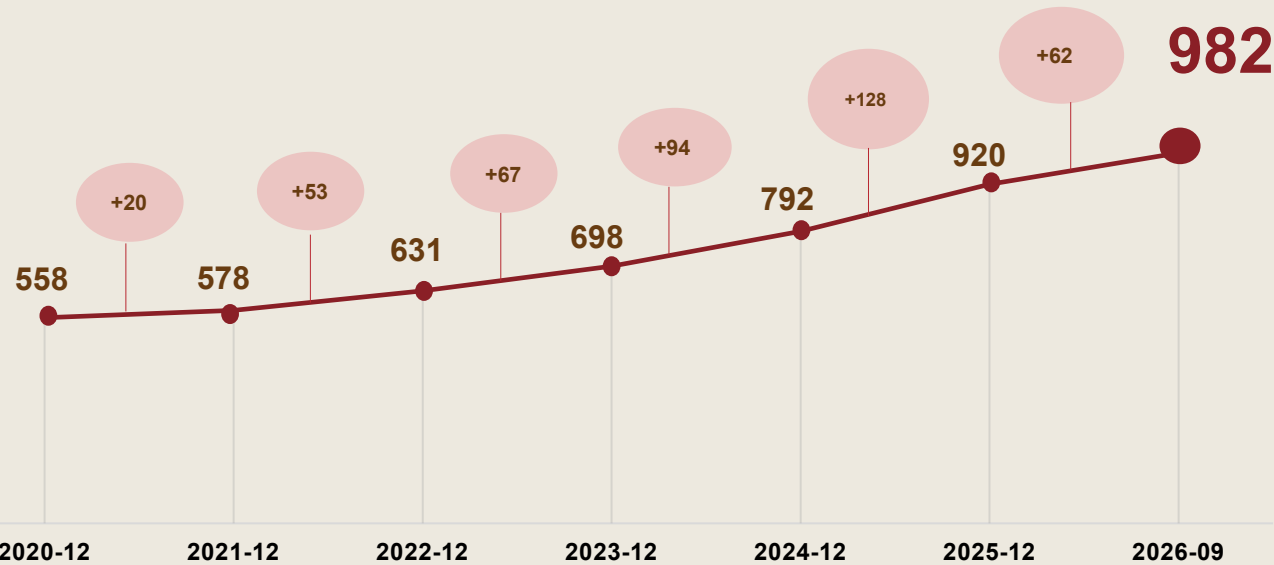
+76%

growth since Dec 2020



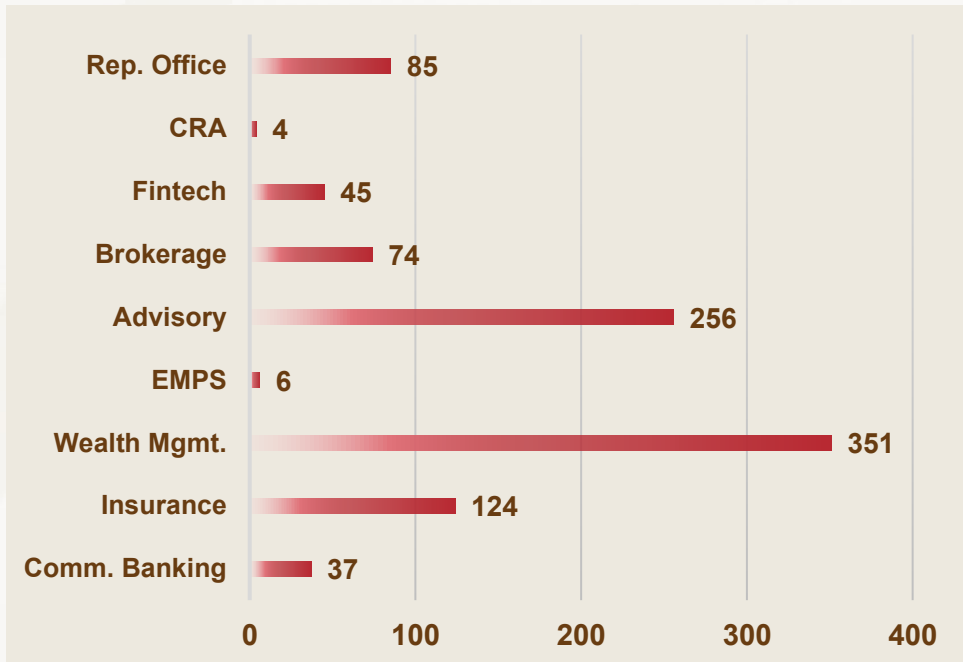
Growth in the number of Authorised Firms

Total number of Firms and year-on-year change



Firms by sector

Number of Authorised Firms | September 2026



An additional **424** Firms have been authorised since 2020, representing **76% growth** across a diverse range of sectors.

Driving growth, innovation & connectivity

DIFC in numbers



DIFC is home to a community of **more than 1,000 regulated entities**

- **27 out of the 29** global systemically important banks
- **Top 4** Chinese Banks
- **290+** banking and capital markets companies
- **500+** wealth and asset management firms
- **113** insurance and re-insurance firms
- **102** authorised hedge funds
- **Two of the world's 10 largest** hedge fund managers
- **DIFC workforce of over: 50,200**
- **Ranked 9th in Global Financial Centres Index** (September 2026)

** As at DIFC 2025 Full Year Results – announced 05 February 2026.*

Dubai International Financial Centre.

Leading financial hub in the Middle East, Africa, Southern Asia region.



Dubai International
Financial Centre Authority



Dubai International
Financial Centre Courts



Dubai Financial
Services Authority

How does the DFSA regulate?

Promoting compliance, ensuring integrity,
and fostering sustainable growth



DFSA regulatory objectives



Protection of
consumers/
users



Protection of
DIFC
reputation



Financial
stability of
DIFC



Fairness,
transparency
and efficiency

How the DFSA Regulates



**Risk-based
supervisory
approach**

“Supervisors should assess the risk profile of banks, in terms of the risks they run, the efficacy of their risk management and the risks they pose to the banking and financial systems. This risk-based process targets supervisory resources where they can be utilised to the best effect, focusing on outcomes as well as processes, moving beyond passive assessment of compliance with rules.”

(Basel Core Principles on Supervision)

High-Growth Framework



DFSA Essentials

Core principles, clear standards – the foundation for regulatory excellence, and business success

DFSA Rulebook

Guiding firms with clear, consistent, and enforceable rules

GEN (General)

- Financial Promotions
- Core Principles – inc. Principle 10 (Relations with regulators)
- Management, Systems & Controls
- Complaints Handling
- Supervision – inc. Notifications
- Fixed Penalty Notices

COB (Conduct of Business)

- Client Classification
- Knowledge & Experience
- Marketing Material
- Client Agreement
- Suitability
- Conflicts of Interest
- Record Keeping
- Crowdfunding specific requirements
- Client Assets

PIB (Prudential)

- Capital Requirements
- Capital Resources
- Credit Risk
- Market Risk
- Operational Risk

AML (Anti-Money Laundering)

- Business Risk Assessment
- Customer Risk Assessment
- Customer Due Diligence
- Sanctions
- MLRO
- SARs

DFSA Essentials – (1) Governance, Risk & Compliance



Governance, Risk & Compliance



Governance

Overall aim:

- Sound & prudent management
- Protect interests of customers & stakeholders

**Management
Information**

Risk

Internal & External:

- Firm
- Customers
- Users

**Compliance Monitoring
Programme**

Compliance

- Policies & Procedures
- Regulations



DFSA Requirements & Expectations



Corporate governance

GEN 5.3.30

- Governing Body/Senior Management responsible for strategies and effective oversight
- Knowledge, skills, expertise and time
- Powers and resources

GEN 5.3.2

- Roles and responsibilities: clearly defined, documented and communicated
- Clear reporting lines

Management Information

GEN 5.3.17

- Provide Board and Senior Management with necessary information to organise, monitor and control firm's activities, manage risks and compliance
- MI: relevant, accurate, comprehensive, timely and reliable

DFSA Requirements & Expectations



Risk Management

GEN 5.3.4-5.3.6

- Systems and controls
- Policies and procedures
- Individual to advise Governing Body and Senior Management

Compliance

GEN 5.3.7-GEN 5.3.12

- Processes and procedures
- Compliance officer:
 - Resources, objectivity and independence
 - Unrestricted access to records, Board and Senior Management
- Compliance Monitoring and reporting: identify, report and promptly act on breaches (CMP)



Compliance Monitoring Programme



Purpose:

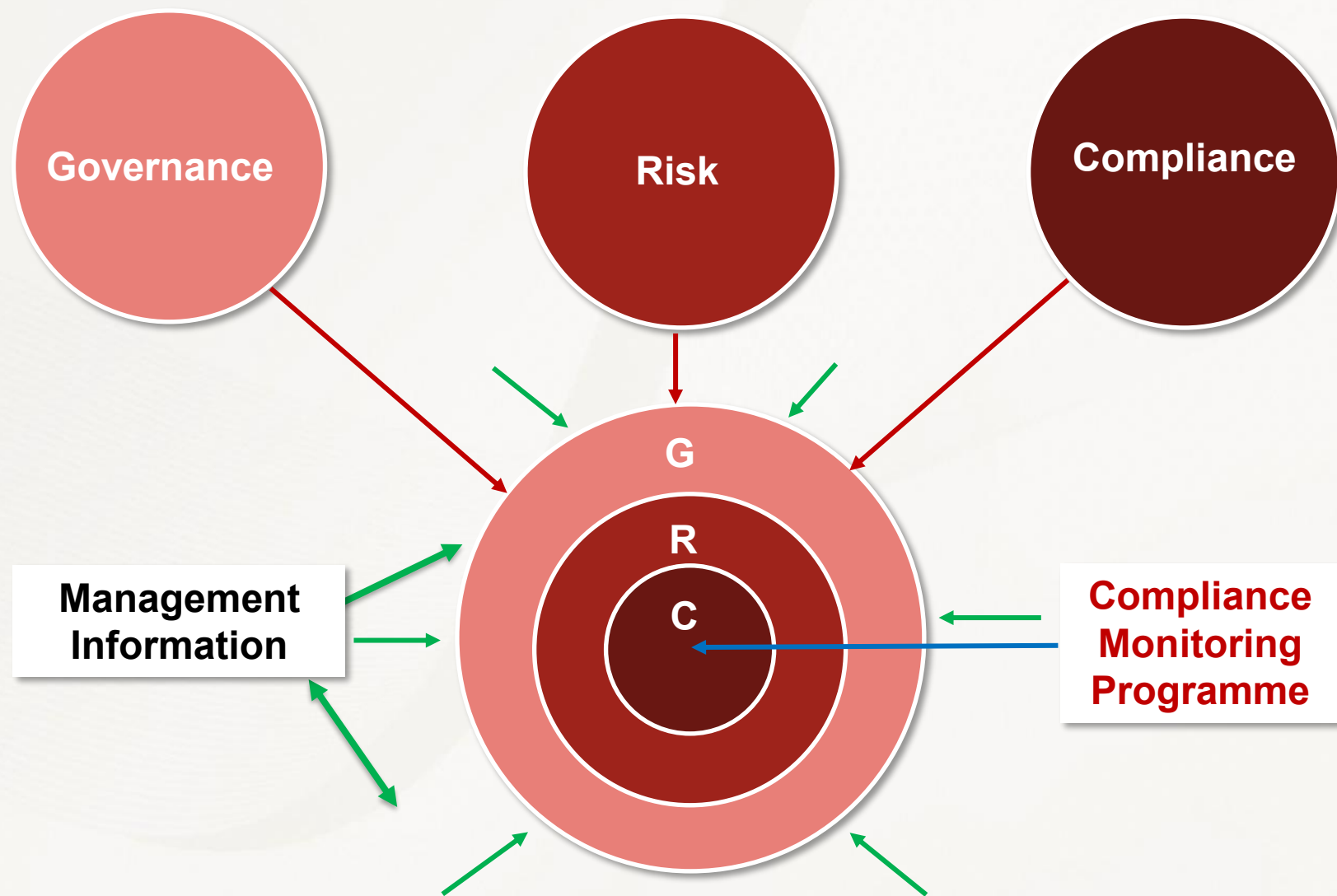
- Assurance on adequacy of systems and controls for managing compliance risk
 - Systems and controls for managing affairs effectively and responsibly (GEN 5.3.1 (1))
 - Compliance breaches identified, reported and promptly acted upon (GEN 5.3.11)

In Practice:

- Compliance with internal policies as well as regulatory requirements
- Informs the effectiveness of systems and controls
- Assesses and monitors inherent and residual risks
- Informs decisions retain, amend or introduce



Governance, Risk & Compliance



Common Themes, Pitfalls & Good Practice



Governance, Risk and Compliance

- ✓ Balance and independence on Board
- ✓ Recurring agenda items inc. Compliance and Risk
- × Record keeping - policies, procedures, key discussions and decisions
- × No dedicated person for Risk reporting
- × Over-reliance on Group

Compliance Monitoring Programme

- ✓ Risk-based
- ✓ Drives actions and decisions
- × Not tailored to business
- × Not maintained and not reported – where backlogs are identified, adequate resources?
- × Unusable

DFSA Essentials – (2) Conduct of Business



Conduct of Business (COB) Rules



COB 2

Client Classification

**COB
2.3/3.4**

Knowledge and Experience

**COB
3.4**

Suitability

COB 6

Client Assets



Conduct of Business Rules



Drivers for our rules:

- **Client Classification** - *Drives the level of COB protection (Retail / Professional / Market Counterparty).*
- **Knowledge & experience** – *Act as gatekeepers and supports Professional classification and product access decisions.*
- **Suitability:** *Protect clients from mis-selling/unsuitable products being offered. - You need a documented reasonable basis.*
- **Client Assets:** *Protecting and segregation of Client money and Client investments*
- **DFSA focus:** *Joined-up process + evidence (notices, consents, and records).*

Client Classification

The categories

- Three categories:
 - **Retail Clients**
 - **Professional Clients:**
 - Deemed;
 - Service-Based;
 - Assessed.
 - **Market Counterparties**

Client Classification

The Process – key components

- **Timing:** *Must be done before providing Financial Services*
- **Scope:** *what service, channel, and products are you providing?*
- **Identify route:** *deemed → service-based → assessed → else Retail etc.*
- **Evidence:** *documents supporting status + (if assessed) K&E*
- **Notices:** *opt-down notice (Professional)/ prior notice (MC).*
- **Controls:** *system flag, product eligibility rules, review triggers, record keeping.*
- **Keep in current:** *if criteria no longer met, inform client and reclassify*



Knowledge & Experience



What DFSA expects Firms to assess

- **Assess understanding** - *of relevant products/markets and key risks (proportionate to complexity).*
- **Test experience** – *professional background, qualifications, prior dealings, frequency/size, reliance on advice, portfolio context.*
- **Who to assess** - *for undertakings, assess the **authorised individuals** who transact.*

Knowledge & Experience

Process – Key components

- **Set triggers** - *complex product access, and periodic / change reviews.*
- **Tier products** - *product complexity tiers with minimum evidence per tier.*
- **Outcome** - *approve / restrict / decline, with rationale and any guardrails (eligible products only).*
- **QA** - *second-line sampling, MI on overrides, and staff training.*
- **Evidence** - *questionnaire + interview notes + objective checks (don't rely on attestations only).*



Suitability

Key requirements

- **Clients** – *apply Retail and Professional Clients*
- **Applies to** - ***advice and discretionary*** transactions (*not execution-only*).
- **Core factors** - *objectives/needs + financial situation (capacity for loss) + relevant risk tolerance & K&E.*
- **Professional clients** - ***“limited suitability” only with stand-alone warning + signed consent.***
- **Data duty** - *keep client info accurate, complete, and refreshed*

Suitability

Process – key components

- **Fact find:** *objectives, horizon, capacity for loss, risk tolerance, K&E.*
- **Match:** *show how product/service meets objectives and fits risk/capacity (incl. portfolio impact).*
- **Communicate:** *clear rationale + key risks/costs + conflicts; capture any consents (incl. limited suitability).*
- **Record & review:** *retain suitability rationale + refresh on triggers.*
- **Pitfalls:** *stale fact finds, weak rationale, mis-classification spillover across services, and missing evidence.*



DFSA Client Assets framework



- **Core Principle**

- Identify, segregate and protect Client Assets.

- **Client Money**

- Segregate client money from Firm funds through Client Accounts.
- Maintain clear disclosures, regular reconciliations and client reporting.
- Ensure robust controls over receipt, use and withdrawal

- **Safe Custody Assets**

- Record and segregate Client Investments and Crypto Tokens
- Assess and oversee custodians and agents.
- Disclose custody arrangements, use and risks
- Reconcile, report and obtain consent before asset use

- **Governance & Crisis Preparedness**

- Maintain records, auditor assurance and a Crisis Preparedness Pack

Overall key messages



Client Classification

- ✓ Treat client classification as a core control
- ✓ Apply a disciplined approach
- ✓ Issue the required notices and Keep it live

Knowledge and Experience

- ✓ Assess real understanding, track record - and keep objective evidence, not just a tick box
- ✓ Assessment of net worth, knowledge & experience is well documented
- ✓ Maintain governance

Suitability

- ✓ Demonstrate reasonable, documented basis that offering is suitable
- ✓ If 'limited suitability' a stand-alone warning and signed consent.
- ✓ Anchor the assessment on the core factors including risk profile + Communication

Client Assets

- ✓ Identify, Segregate and protect client assets

Your Questions, Answered

DFSA Essentials – (3) AML, Counter-Terrorism Financing & Counter-Proliferation Financing

Financial Crime Risk

For the purposes of this presentation, “AML” should be interpreted as relating to money laundering, terrorist financing, proliferation financing, and Targeted Financial Sanctions.

DFSA Risk Tolerance Statement

Low Tolerance

Low tolerance for money laundering, terrorist financing or proliferation financing activities and for deliberate breaches of UN or UAE sanctions.

Low tolerance for firms that allow themselves to be used for the furtherance of financial crime.

Financial crime is one of 6 priority areas of risk for the DFSA Executive.

The rationale behind AML Obligations

- Combatting financial crime

- Protecting financial institutions

- Ensuring regulatory compliance

- Supporting national and global security

- Promoting transparency and accountability

Core financial crime requirements



Best practices observed during DFSA risk assessments



Senior Management Responsibility

SM have robust corporate governance measures in place, allowing them to adequately demonstrate they have exercised due skill, care and diligence in the management of AML risks.

Tone from the top/compliance culture is well-embedded.

Appropriate regular qualitative and quantitative MI.

SM actively engaged in client matters e.g. approving onboarding/continuation of the relationship with high risk and PEP clients.

Ensuring Audit and Assurance is conducted on a regular basis.

The MLRO

Firm has conducted a robust assessment the MLRO's experience, knowledge, suitability and capability.

MLRO demonstrates a detailed understanding of the firm's business model and FC risks.

MLRO has a strong command of the rule requirements and related Federal Laws.

MLRO clearly has sufficient seniority/authority internally.

Best practices observed during DFSA risk assessments

Risk-Based Approach

Business AML Risk Assessment

Tailored to the business of the firm.

Includes consideration of TF and PF risks, and the NRA.

Practical not theoretical analysis, with supporting quantitative analysis.

Clear assessment methodology and rationale for ratings.

Current and consistent information and data used.

Regular review and revision, as needed.

Customer Risk Assessment

Components are consistent with the rule requirements.

Clear scoring methodology.

Scoring methodology that does not result in skewed outcomes.

Regularly reviewed and revised, particularly country risk.

Best practices observed during DFSA risk assessments



Customer Due Diligence (CDD)

Concepts of identification, verification and certification are properly applied.

Dual nationality risks are captured and evaluated.

Use of the deferral of verification (AML 7.2.2(1)(a) only as a true exception.

EDD processes are properly applied, including adequately detailed and corroborated SOW information.

Appropriate approvals are in place for high risk and PEP clients.

Ongoing monitoring

The periodic review process is a robust re-evaluation of the client and his circumstances.

The review cycle is not unreasonably long.

Periodic reviews are done on time, without backlogs developing.

Includes a proper assessment of the client's transaction pattern.

Effective oversight and challenge from Compliance/SM.

Best practices observed during DFSA risk assessments



Policies, Procedures, Systems and Controls (PPSC)

Tailored to the business of the firm.

More than just a restatement of the Rulebook requirements, with detail on *how* operationally the firm will comply.

Standard operational procedures (SOPs) are in place and are kept up-to-date.

Clearly a product of the ABRA.

Reflect on-the-ground practice.

Controls and practices are clearly consistent with the rule requirements.

Best practices observed during DFSA risk assessments



Screening (Targeted Financial Sanctions and adverse media)

Robust system testing, adequately documented.

Appropriate governance around calibration and parameter changes.

Detailed awareness of how systems work (including group systems), and clear ownership of the process and the outcome.

SOPs governing key processes are in place and kept up-to-date.

There is Compliance oversight the alert closure process.

Appropriately clear and detailed rationales recorded for the closure of an alert.

Quality assurance sampling takes place on closed alerts.

Adverse media hits are properly assessed and taken seriously.

MLRO fully aware of EOCN reporting requirements and timescales
<https://www.uaieic.gov.ae/en-us/un-page>.

Procedures in place for confirmed matches e.g. mechanism for freezing assets.

Best practices observed during DFSA risk assessments



Training

Contents comply with the AML Chapter 12 requirements.

Tailored to the firm's business model.

Regularly revised and kept up-to-date with changing laws, regulations, etc.

Explains how the firm complies, and the role and responsibilities of staff.

Appropriate coverage of all risk areas including TFS/PF.

Full training records kept.

Reporting of suspicions

Clear internal reporting processes, and staff clear about the tipping-off provisions in practice.

MLRO investigation steps are adequately documented.

Rationale for reporting/not reporting externally is clear and sufficiently detailed.

MLRO clearly exercises internal independence and sole authority, without reference to SM.

Some general best practices for firms

Ensure Senior Management are properly engaged in **approving and monitoring** the AML framework.

Maintain a **positive relationship** with the DFSA, including being open and cooperative in all dealings.

Submit event-triggered notifications in a **timely manner**.

Submit **Annual AML Return** by the relevant deadline and ensure that the information is complete and accurate.

Your Questions, Answered

Markets – Suspicious Transaction & Order Reports

Suspicious Transaction & Order Reports



If conduct occurs in, from or affects DIFC markets or users of DIFC markets.

Relevant provisions:

- Markets Law 2012 Part 6 – Chapter 1 and 2
- GEN 5.3.20 and 11.10.12A

DFSA Markets Brief on Suspicious Transaction and Order Reports (Oct 2021)

Requirements:

- Entities must inform the DFSA immediately if it:
 - Receives an order, or arranges or executes a transaction; and,
 - Has **reasonable grounds** to suspect that the order or transaction may constitute Market Abuse.

How to notify the DFSA: through the online portal.



Purpose of the Code of Market Conduct



Note: The CMC is indicative and non-binding guidance and is not intended to be exhaustive.

Suspicious Transaction & Order Reports



Concerns identified include:

**Lack of STOR
submissions**

**Quality of
STOR
submissions**

Outsourcing

**Resources/
SYSC**

Common Themes, Pitfalls & Good Practice



- × Overall, low volume of STORs submitted to DFSA. Also issues with the quality of those STORs submitted (inaccurate/incomplete information)
- × Indicative of lack of understanding of what constitutes a STOR and reporting obligations
- × Well written frameworks, but limited evidence of real-world implementation
- × Heavy reliance on head office, with limited local oversight by the DIFC entity
- Firms must have systems and controls in place to prevent and detect market abuse
- Notify the DFSA immediately if they suspect that an order or transaction may constitute market abuse
- ✓ Submission of a STOR, ensuring it contains complete, proper and relevant information
- ✓ Appropriate testing and calibration of systems and controls to ensure:
 - Firms are adequately identifying, assessing and reporting suspicious transactions when they occur

Your Questions, Answered

Coffee Break & Networking

Operational and Cyber Risk

Operational Risk

Operational Resilience

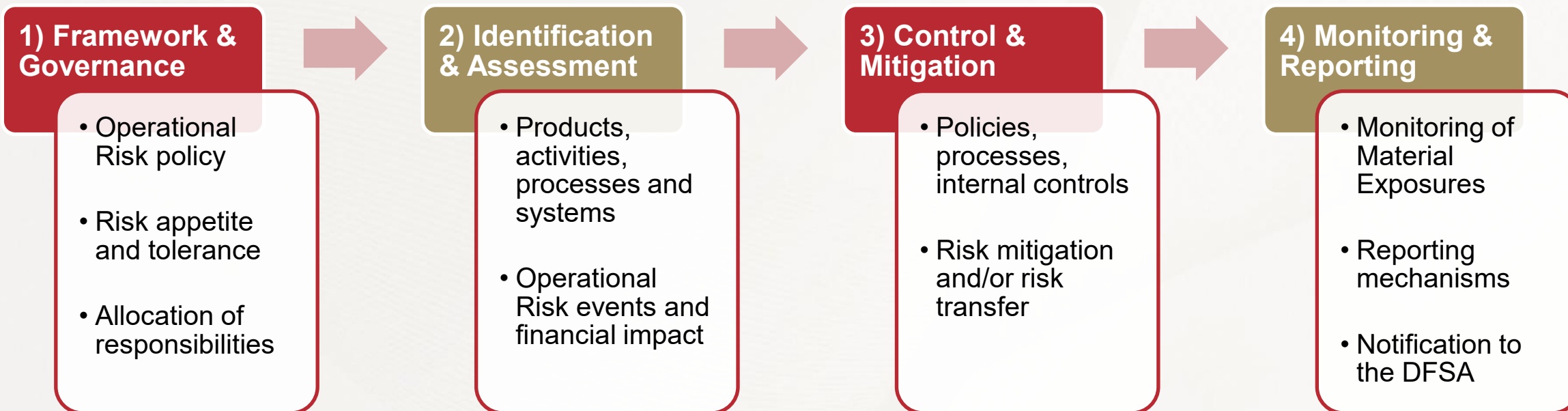
Strengthening resilience through proactivity



Operational Resilience

Strengthening resilience through proactivity

Operational Risk Management





Common Themes, Pitfalls & Good Practice



Outsourcing

- ✓ Due diligence assessments on third-party providers, including intra-group arrangements
- × Over reliance on group entities and outsourced service providers
- × SLA fails to define the allocation of responsibilities

BCP

- ✓ Updated BCP in place
- × BCP is not tested to ensure its effectiveness

People

- ✓ Trainings conducted
- × Lack of sufficient resources

Risk Management

- ✓ Risk Management framework is appropriate for the nature and scale of the business
- × Weak risk culture

Cyber Risk

Cybersecurity Requirements

Strengthening Cyber Resilience



The DFSA Rulebook

General Module

(GEN)

5.5 Cyber risk management

01

GOVERNANCE

- Cyber risk management framework
- Roles and responsibilities
- Cyber risk identification and assessment
- Third-party risk management

02

HYGIENE

- Endpoint, network and data security
- Identity and access management
- Change, vulnerability and patch management
- Physical access controls
- Cybersecurity awareness
- Cybersecurity testing programme

03

RESILIENCE

- Security monitoring and alerting
- Cyber incident response plans
- Incident recover and post-incident reviews

Cyber Incident Notification Form

From breach to action



10. Cyber Incident Notification Form

3-1. Number of non-client system users affected:

Internal users

External users

3-2. How many systems were impacted?

3-3. How many clients were impacted?

3-4. What is the communication plan for alerting internal/external stakeholders?

3-5. Has the root cause of the Cyber Incident been identified?

☐ Yes
☐ No

3-6. When approximately did the Cyber Incident start?

3-7. When was the Cyber Incident detected?

3-8. When approximately was the Cyber Incident contained?

3-9. How was the Cyber Incident detected?

3-10. Was an inhouse specialist / specialised third-party involved in investigating or containing the incident?

☐ Yes
☐ No

NOTIFICATION WINDOW

**72
HOURS**

Notify the DFSA **as soon as reasonably practicable** — and no later than 72 hours after becoming aware, or having information that reasonably suggests, a material Cyber Incident has occurred.

MATERIALITY CHECK

a. Customer information
or risk to Client Assets

d. Material financial loss
to the Authorised Person

b. Sensitive or confidential
information leakage or corruption

e. External stakeholders
are affected

c. Critical business functions
or information systems disrupted

SUBMIT & ESCALATE

Use the appropriate form on the **DFSA ePortal**. Also consider reporting to law enforcement or the DIFC Data Protection Commissioner.

Common Themes, Pitfalls & Good Practices



Third-party Cyber Risk Management

- ✓ TPRM policies in place, including due diligence assessments on critical IT service providers
- x Lack of periodic cyber reviews of critical IT service providers
- x Overreliance to third-party service providers

Cybersecurity Testing Programme

- ✓ Vulnerability assessments are conducted regularly for production systems
- x Critical vulnerabilities are not addressed timely
- x Lack of pentests and cybersecurity control effectiveness

Access Management

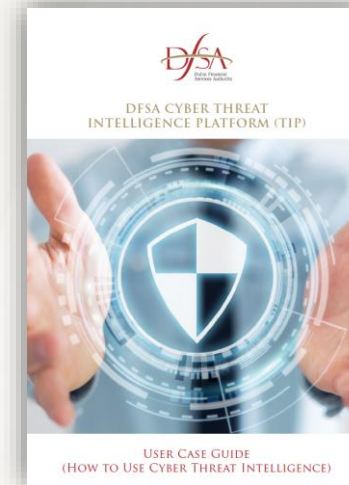
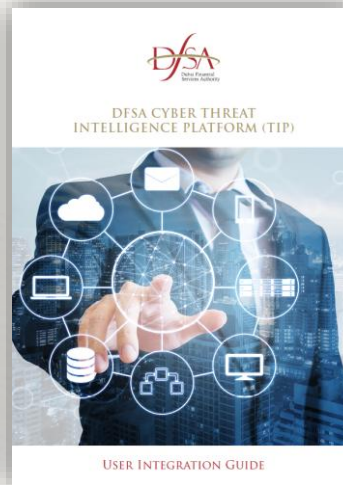
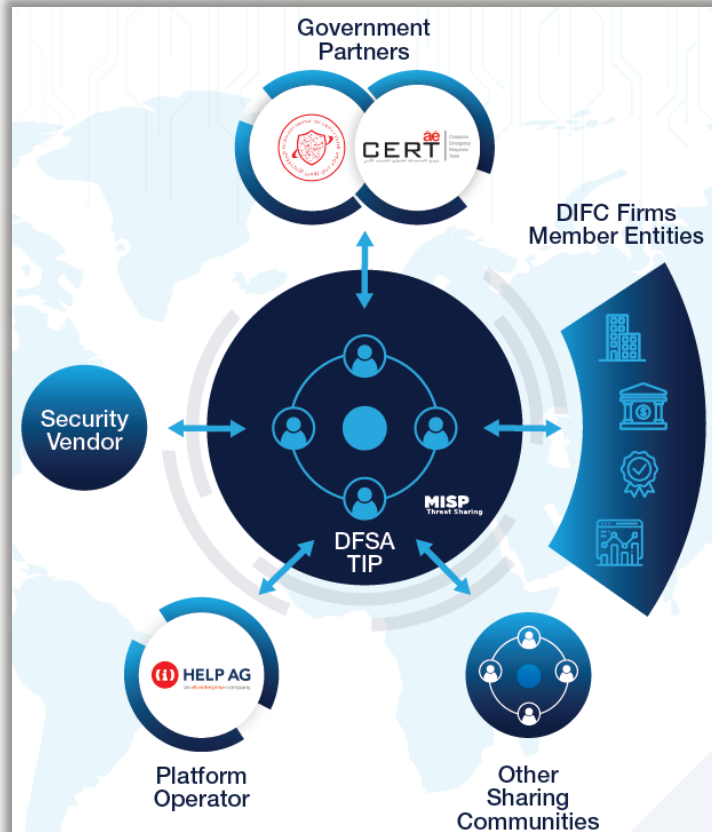
- ✓ User access management processes and controls are established, including strong password policies
- x MFA is not fully enforced for privileged and remote access

Incident Detection, Response & Recovery

- ✓ Updated cyber incident response and recovery plans in place.
- x Plans are not tested to ensure its effectiveness
- x Lack of security monitoring capabilities

DFSA Threat Intelligence Platform

Enabling proactive cyber defence through intelligence sharing



- Use the DFSA Cyber Threat Intelligence Platform registration form in the DFSA ePortal.
- Contact us for any queries with TIP: tip@dfsa.ae

Your Questions, Answered

“Being Supervised” & Key Resources



“Being Supervised”



1. Engagement with the DFSA

- Open and proactive communication – GEN 4.2.10: Principle 10 – Relations with Regulators
- Supervised Firm Contact Form, which can be accessed through the DFSA e-Portal

2. Preparing for Thematic Reviews

- Review previous DFSA Thematic Reviews – reports are published on our website
- Notification letter/email will outline process and timeframes to enable firms to make internal arrangements in advance
- Respond to surveys, information requests and any follow up requests promptly and accurately
- Keep regulatory business plans and policies and procedures up to date
- Firm specific feedback and remediation should be actioned promptly and escalated through governance (as appropriate)



Key Resources

Keeping you up to date



Subscribe to DFSA:

- Alerts
- Changes in Legal Framework
- DFSA Publications
- SEO letters

Resources for Firms:

- Consultation Papers
- Presentations
- SEO Letters
- Thematic Reviews

2025-2026 DFSA Business Plan

Advancing regulatory standards and innovation within the DIFC



Strategic Themes

Strategic Themes	
<i>Delivery</i>	<i>Engagement</i>
Executing core functions with professionalism and efficiency	Thoughtful and active engagement with key stakeholders
<i>Innovation</i>	<i>Sustainability</i>
A creative and facilitative approach as a regulator and organisation	Positively shaping our environment and organisation for the long term



Key Priorities

- Reinforcing risk-based regulation
- Innovation and technology at the core
- Fighting financial crime and enhancing cyber resilience
- Investing in talent and culture

Deepening and Broadening the DIFC

- Alignment with Dubai's Economic Agenda (D33), Digital Dubai, and the DIFC 2030 Strategy
- DFSA's vision to reinforce the DIFC as a leading global financial services hub

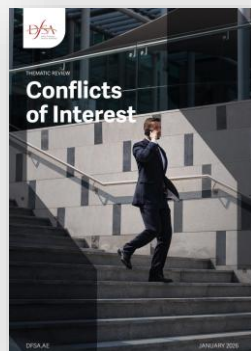
Fostering a collaborative approach

Latest announcements and initiatives



Thematic Reviews: Continuing Professional Development for Money Laundering Reporting Officers

November 2025



Thematic Reviews: Conflicts of Interest

January 2026



Business Plan 2025-2026

February 2025



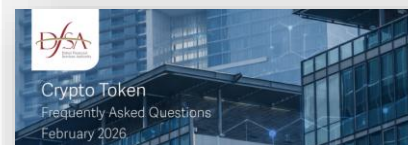
Annual Report

June 2026

Leadership announcements

- Armin Peter appointed Managing Director, Markets – effective 25 August 2026
- Juma Thani Al Hameli appointed Chief Operating Officer – effective 10 June 2025

Regulatory updates



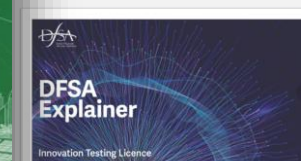
- Crypto Token Frequently Asked Questions February 2026
- Release of CP170 – Operational Resilience
- Release of CP171 – Miscellaneous Changes
- DFSA Announcement of the Temporary Regulatory Relief Measures to Support the DIFC Financial Services Community

Initiatives

HKMA and DFSA to Co-Host
Third Climate Finance
Conference to Drive Transition
in a Changing World



Explainer Guides



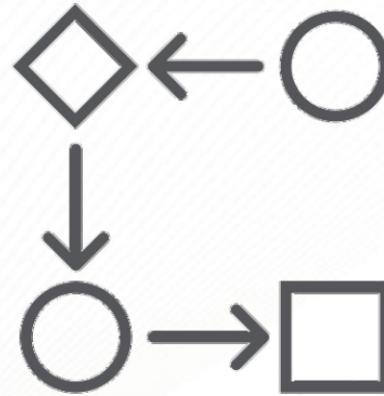
Your Questions, Answered

Prudential Requirements

Prudential Requirements



Financial Resources
and Requirements



Systems and
Controls

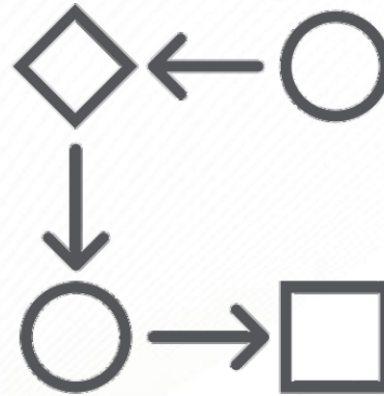


Electronic Prudential
Reporting System
(EPRS)

Prudential Requirements



Financial Resources
and Requirements

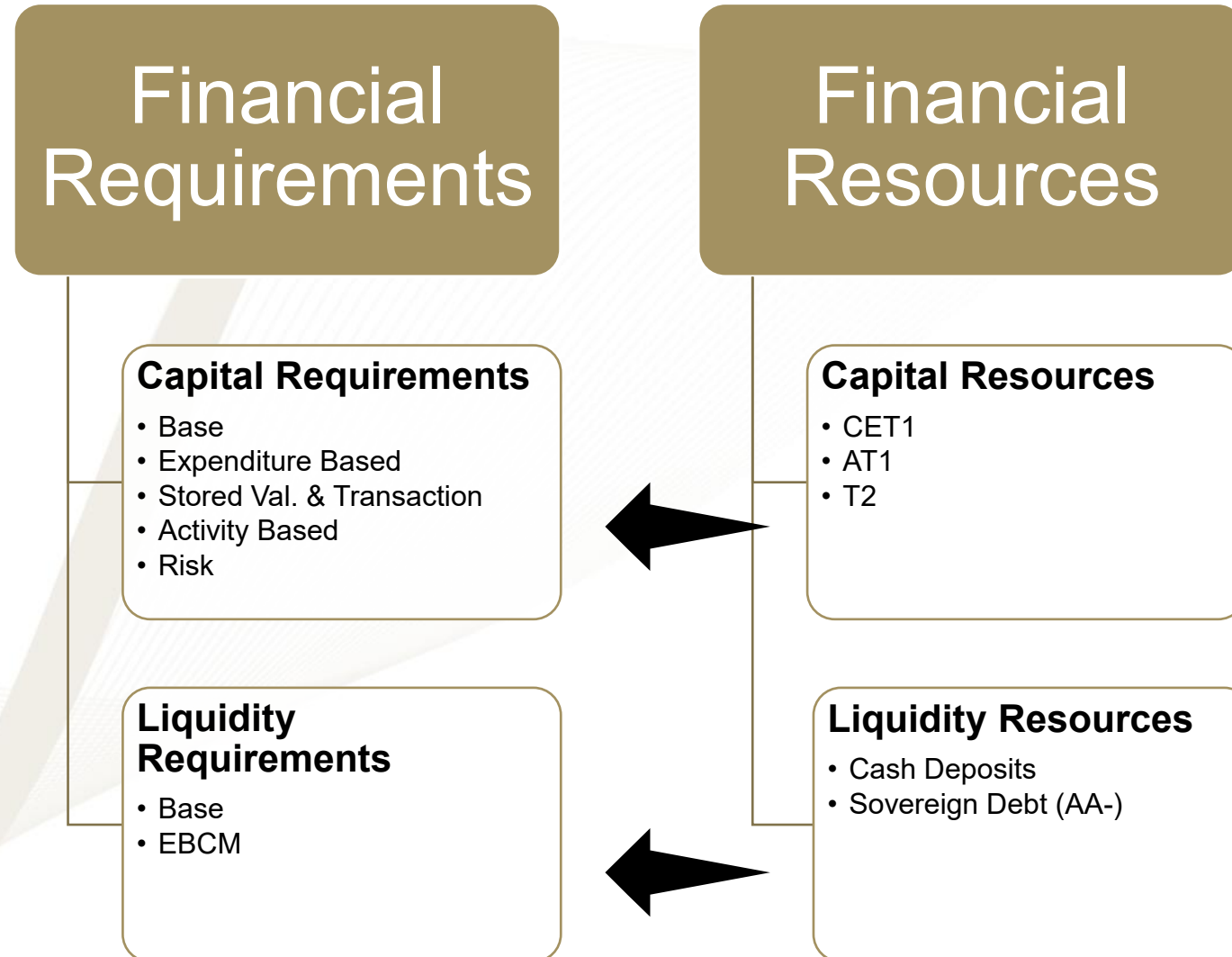


Systems and
Controls



Electronic Prudential
Reporting System
(EPRS)

Financial Resources and Requirements



Base Capital Requirement

PIB 3.6

Financial Requirements

Capital Requirements

- **Base**
- Expenditure Based
- Stored Val. & Transaction
- Activity Based
- Risk

Liquidity Requirements

- Base
- Expenditure Based

Prudential Category	Standard BCR	Variations on BCR
1,5	\$10m	-
2	\$2m	Matched Principal Dealing Only: \$500k
3A	\$200k	-
3B	\$500k - \$2m	Crypto Custody, EMPS, Trustee, etc...
3C	\$500k	Managing Assets (Public CIF, PSIAr): \$140k
3D	\$200k	-
4	\$30-\$140k	-

Base Capital Requirement to be met in full with CET1

Expenditure Based Capital Minimum

PIB 3.7

Financial Requirements

Capital Requirements

- Base
- **Expenditure Based**
- Stored Val. & Transaction
- Activity Based
- Risk

Liquidity Requirements

- Base
- Expenditure Based

Applicable to:

- All Domestic Cat 2
- Domestic Cat 3 & 4, if the firm conducts certain activities or holds client assets.

Calculation:

- Annual Audited Expenditure
- EBCM Ratio ranges from 6/52 to 18/52
- ***Notified*** vs ***Actual*** EBCM:
 - ***Notified*** is the formal requirement.
 - ***Actual*** is how we monitor suitability of the formal requirement.

Stored Value and Transaction Based PIB 3.8A, 3.8B

Financial Requirements

Capital Requirements

- Base
- Expenditure Based
- **Stored Val. & Transaction**
- Activity Based
- Risk

Liquidity Requirements

- Base
- Expenditure Based

Applicable to firms that:

- Issue Stored Value payment facilities.
- Are Payment Service Providers.

Calculation:

- Stored Value: 3% of average daily outstanding amount, over the last 6 months
- Transaction Based: Sliding-scale fraction of the payment volume
 - 4% of first \$5m... to 0.25% over \$150m.
 - Monthly average over the last 12 months.
- Sum of the two elements = capital requirement.

Activity Based Capital Requirement

PIB 3.8C

Financial Requirements

Capital Requirements

- Base
- Expenditure Based
- Stored Val. & Transaction
- **Activity Based**
- Risk

Liquidity Requirements

- Base
- Expenditure Based

Applicable to:

- Domestic Cat 3A, 3B, 3C
- Firms that:
 - Safeguard Assets
 - Manages Assets
 - Execute Client Orders

Calculation:

- Observations
 - 6x month-end | ASA, AUM
 - Daily observations for 6 months | COH

Risk Capital Requirements

PIB 3.8

Financial Requirements

Capital Requirements

- Base
- Expenditure Based
- Stored Val. & Transaction
- Activity Based
- **Risk**

Liquidity Requirements

- Base
- Expenditure Based

Credit Risk Capital Requirement
PIB Chapter 4

Market Risk Capital Requirement
PIB Chapter 5

Operational Risk Capital Requirement
PIB Chapter 6

Displaced Commercial Risk
PIB Chapter 5

Applicable to
Category 1 and
2 Firms

Total Capital Requirements

Financial Requirements

Capital Requirements

- Base
- Expenditure Based
- Stored Val. & Transaction
- Activity Based
- Risk

Liquidity Requirements

- Base
- Expenditure Based

FORM B110: Capital Resources and Requirements			
Total Capital Resources		0	>>Right Click Here
Capital Requirements			
Base Capital Requirement (All Categories)			
Risk Capital Requirement (Cat 1, 2)		0.00	>>Right Click Here
Expenditure Based Capital Minimum (If applicable for Cat 2, 3A-D, 4)			>>Right Click Here
Activity Based Capital Requirement (if applicable for Cat 3A-C)			>>Right Click Here
Stored Value and Transaction Based Capital Requirement (If applicable)		0	>>Right Click Here
Total Capital Requirement (highest of all applicable capital requirements)		0.00	
Resources Less Requirement (must be positive)		0.00	

PIB 3.5.3 – Liquidity Requirement

Financial Requirements

Capital Requirements

- Base
- Expenditure Based
- Risk

Liquidity Requirements

- **Base**
- **Expenditure Based**

Applicable to Domestic Firms in Cats 3 & 4

If EBCM **is** Applicable

- ☐ Liquid assets must exceed the higher of:
 - Base Capital Requirement
 - Expenditure Based Capital Minimum

If EBCM **is not** applicable

- ☐ Liquid assets must exceed:
 - Base Capital Requirement.

Liquid assets are still required if EBCM is not applicable.

Financial Resources to meet Requirements

Financial Resources

Capital Resources

- CET1
- Additional Tier 1
- Tier 2

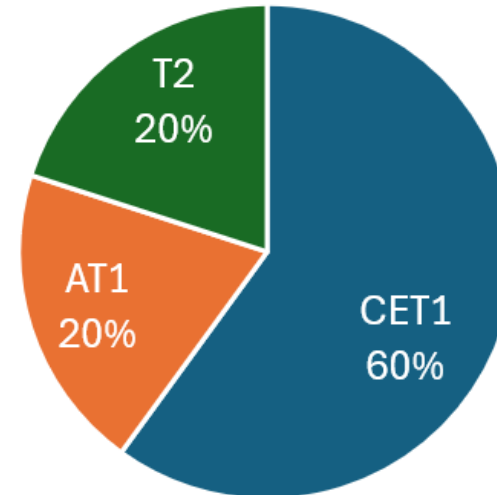
Liquidity Resources

- Base
- Expenditure Based

Capital Resources PIB 3.10 to 3.17

- ☐ Common Equity Tier 1
 - Paid-up Common Shares
 - Retained Earnings
- ☐ Additional Tier 1
- ☐ Tier 2

Maximum allowable AT1 and T2 capital instruments



CET1 does not include shareholder loans

Interim profits not recognised as CET1 unless audited

Notify and engage the DFSA if intending to issue AT1 or T2

Financial Resources to meet Requirements

Financial Resources

Capital Resources

- CET1
- Additional Tier 1
- Risk

Liquidity Resources

- Cash
- Deposits
- Securities

Liquid Assets (PIB 3.5.3)

Cash

- ☐ In hand
- ☐ Cash Receivables from Regulated:
 - ☐ Clearing houses
 - ☐ Merchant acquirers

Deposits with regulated deposit-takers (BBB long-term credit rating)

- ☐ Demand deposits
- ☐ Time deposits that are redeemable (< 1 yr)

Debt Securities

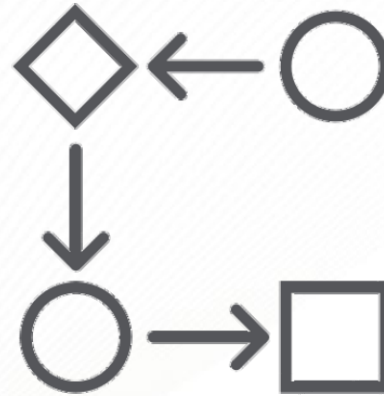
- ☐ Issued by Sovereign, CB, PSE/MDB
- ☐ Rated AA- or higher
- ☐ < 1 yr to maturity
- ☐ AED, USD, EUR, GBP denominated

Cash value must be net of fees/costs associated with liquidation
Securities value must be conservative and reflect market stress conditions

Prudential Requirements



Financial Resources
and Requirements

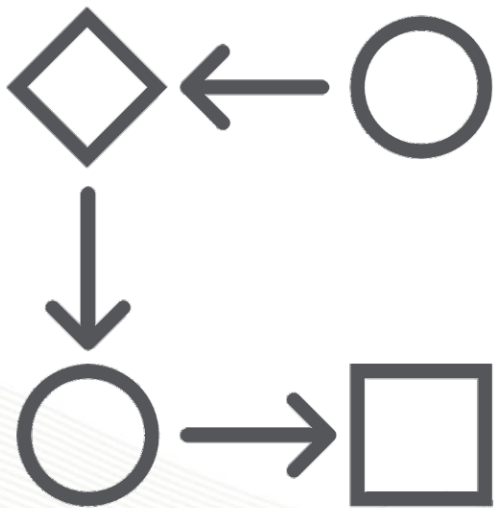


Systems and
Controls



Electronic Prudential
Reporting System
(EPRS)

Systems and Controls



Systems, Controls, Notification (PIB 3.2.4 to 3.2.6)

Domestic Firms - Notify the DFSA immediately if:

- ☐ You are in breach, or expect to be in breach, of a requirement.
- ☐ If your capital resources fall below 120% of your capital requirement

Branches:

- ☐ Must submit a copy of capital and leverage ratio reports submitted to home/parent regulator
- ☐ Notify DFSA in the event of breach of home state prudential requirements

**Capital and Liquidity requirements must be monitored on an ongoing basis.
Capital and liquidity resources must be proactively managed.**

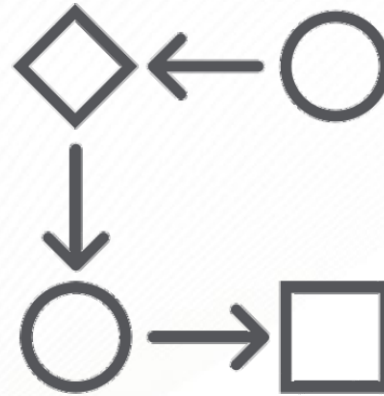
See also:

- ☐ Stress testing guidance – PIB App3.1
- ☐ Operational Risk – PIB 6
- ☐ Professional indemnity insurance for Domestic Cat 3B and 4 – PIB 6.12

Prudential Requirements



Financial Resources
and Requirements



Systems and
Controls



Electronic Prudential
Reporting System
(EPRS)

Electronic Prudential Reporting System



- PIB 2.3 – Reporting to the DFSA | PIB A2.4 – Reporting Forms
- Refer to Prudential Returns Module (PRU) sourcebook for detailed instructions to complete the EPRS forms.
- All Financial Data must be reported in USD and in \$000's
- Form B100 (Declaration by Authorised Firms), an Authorised Firm and its officers declare that the submitted regulatory reporting forms are **complete and correct**.

Electronic Prudential Reporting System

PIB A2.4 – Reporting Forms

Table 1 Authorised Firm Reporting Matrix

Form Number	Form Name	Domestic Firm or Branch	Authorised Firm Category	Frequency	Semi-annual consolidated reporting for Financial Groups
B10A	Assets	Domestic Firm and Branch	Category 1, 2, 3A, 3B, 3C, 3D and 4	Quarterly and annually	Category 1 and 2
B10B	Liabilities (Domestic)	Domestic Firm	Category 1, 2, 3A, 3B, 3C, 3D and 4	Quarterly and annually	Category 1 and 2
B10B	Liabilities (Branch)	Branch	Category 1, 2, 3A, 3B, 3C, 3D and 4	Quarterly and annually	Not applicable
B10C	Equity	Domestic Firm	Category 1, 2, 3A, 3B, 3C, 3D and 4	Quarterly and annually	Category 1 and 2
B10D	OBS Exposures	Domestic Firm and Branch	Category 1, 2, 3A, 3B, 3C, 3D and 4	Quarterly and annually	Category 1 and 2
B20A	Assets – IFI	Domestic Firm and Branch	Category 5	Quarterly and annually	Category 5
B20B	Liabilities (Domestic) – IFI	Domestic Firm	Category 5	Quarterly and annually	Category 5
B20B	Liabilities (Branch) – IFI	Branch	Category 5	Quarterly and annually	Not applicable
B20C	Equity - IFI	Domestic Firm	Category 5	Quarterly and annually	Category 5



Electronic Prudential Reporting System



Financials

Capital, Risk Weighted Assets and
Prudential Limits

Activity

Reporting Forms



Form B10A	Assets
Form B10B	Liabilities
Form B10C	Equity
Form B10D	Off Balance Sheet Exposures
Form B20A	Assets – Islamic Financial Institutions
Form B20B	Liabilities – Islamic Financial Institutions
Form B20C	Equity – Islamic Financial Institutions
Form B20D	Off Balance Sheet Exposures – Islamic Financial Institutions
Form B30	Related Party Schedule
Form B40A	Profit and Loss
Form B40B	Statement of Comprehensive Income
Form B100	Declaration by Authorised Firms
Form B110	Capital Resources and Requirements
Form B130	Credit Risk
Form B140	Market Risk
Form B150	Operational Risk
Form B190	Leverage Ratio
Form B210	Liquidity
Form B220	Liquidity Coverage Ratio
Form B230	Net Stable Funding Ratio

Form B240	Funding Schedule
Form B250	Funding Concentration
Form B260	IRRBB
Form B270	Currency
Form B280	Remittances
Form B290	Non-Bank Liquidity Requirements
Form B310	Large Exposure
Form B320	Arrears and Provisions
Form B330	Forborne Exposures
Form B340	Credit Activity
Form B350	Trade Finance
Form B360	Islamic Products
Form B370	Investment Activity
Form B380	Investment Fair Value
Firm B400	Safeguarded Assets
Form B410	Advisory
Form B420	Asset Management
Form B430	Dealing overview and personnel
Form B440	Dealing and Arranging
Form B450	Staffing and Conduct
Form B460	Money Services
Form B470	Crowdfunding
Form B510	Insurance Intermediation or Management

Electronic Prudential Reporting System



	[Year]
FORM B100: Declaration by Authorised Firm	
Prior to submitting your prudential returns please confirm the following by inserting "1" in the box. next to confirmation.	
CONFIRMATION	
I confirm that the relevant individuals have signed the "Statement by Directors" required by PIN Rule 6.5 or form B10 - "Declaration by Authorised Firm" required by PIB Rule 2.3.5 (enter "1" for confirmation)	
This annual return is for: (number of calendar days)*	
*To be ignored for quarterly returns	

- ❑ PIB 2.3.4 (2): **Annual Returns** – "...signed by **two** officers of the Authorised Firm each of whom is a Director, Partner, or individual approved by the DFSA for that Purpose"
- ❑ PIB 2.3.4 (3): **Quarterly Returns** – "...signed by **one** officer of the Authorised Firm who is a Director, Partner, or individual approved by the DFSA for that Purpose"

Your Questions, Answered

Closing Remarks

Key takeaways



- We operate a “**risk-based, proportionate**” approach to supervision.
- Strong **governance, risk and compliance** is key to set up – this includes an effective Compliance Monitoring Programme and sufficient resources. GRC arrangements should also be subject to regular review as firms grow. Getting this right puts firms in a strong position to grow successfully and compliantly.
- We highlighted the importance of compliance with the DFSA’s requirements on Conduct of Business specifically, **Client classification, Knowledge & Experience, Suitability and Client Assets**.
- The importance of accurate and timely **regulatory reporting**.
- We encourage early and proactive **notifications** re significant events, or anything related to the firm of which the DFSA would reasonably expect to be notified.
- We are committed to improving **cybersecurity** resilience and encourage firms to use the cyber incident notification. Sign up for the DFSA Cyber Threat Intelligence Platform.
- **Financial crime** remains a top priority for the DFSA. As noted, the UAE has significantly strengthened its national AML framework in recent years and the country was subject to an FATF Mutual Evaluation this year with the onsite in June, and the full findings expected early next year. We continue to collaborate with federal authorities to implement all FATF recommendations.
- We are happy to engage with firms and encourage all requests to be made via the **DFSA e-portal**.

Thank you

Keep up to date with the DFSA:



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