

DFSA: Newly Authorised Firms Engagement Sessions

Dubai Financial Services Authority

June 2025

Welcome to the DFSA

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

2. DFSA Essentials – (1) Governance, Risk & Compliance; (2) Conduct of Business; (3) Prudential

3. Markets – Suspicious Transaction & Order Reports

4. Operational & Cyber Risk – Strengthening resilience by proactivity

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

6. AML & Counter-Terrorism Financing – Prevention

7. Closing Remarks

Legal disclaimer



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Opening Remarks

Chris Cameron, Director, Conduct Supervision

DIFC is home to community

More than 900 regulated entities



8

1

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**Authorised
Firms**

1

1

5

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

2

Exchanges

1

9

**Registered
Auditors**

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

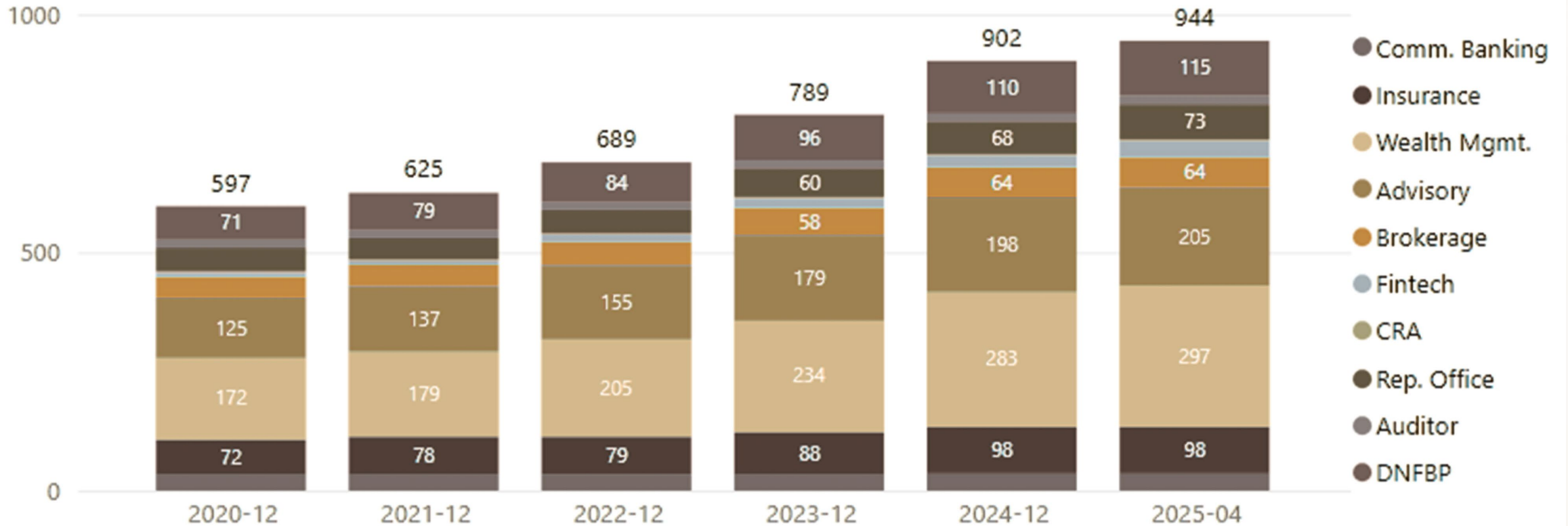
***as at 25 April 2025*

Growth of the DIFC

Focused on broadening and deepening the ecosystem



Firms by Sector



*as at 25 April 2025

Driving growth, innovation & connectivity

DIFC in numbers



DIFC is home to a community of **more than 900 regulated entities**

- **27 out of the 29** global systemically important banks
- **Top 5** Chinese Banks
- **260** banking and capital markets companies
- **410** wealth and asset management firms
- **75** authorised hedge funds
- **Two of the world's 10 largest** hedge fund managers
- **DIFC workforce of over:** 46,000

** As at DIFC 2024 Full Year Results – announced 18 February 2025.*



Dubai International Financial Centre

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



**Dubai International
Financial Centre
Authority**



**Dubai Financial
Services Authority**



**Dubai International
Financial Centre
Courts**

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)

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

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:

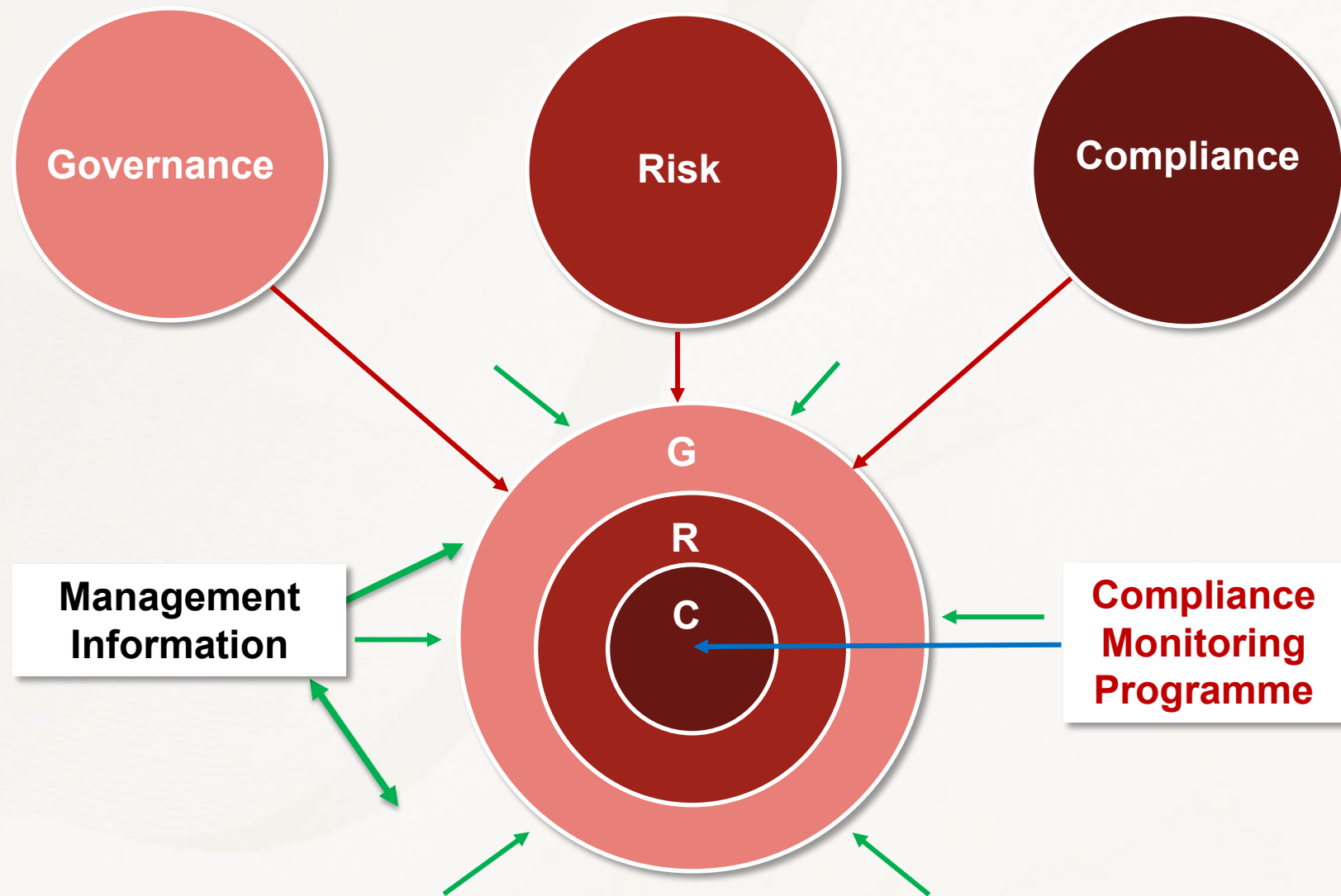
- Assurance on adequacy of systems and controls for managing compliance risk
 - Systems and controls for managing affairs effectively and responsibly (GEN 5.3.1 (1))
 - Compliance breaches identified, reported and promptly acted upon (GEN 5.3.11)

In Practice:

- Compliance with internal policies as well as external regulations
- Informs the effectiveness of systems and controls
- Assesses and monitors inherent and residual risks
- Informs decisions on what to keep, change 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
2.3/4**

Knowledge and Experience

**COB
3.4**

Suitability



Conduct of Business Rules



Drivers for our rules:

- Client protection – guard against mis-selling and overexposure
- Ensure fair treatment based on client sophistication
- Reduce firm liability, complaints and regulatory risk



Client Classification

Basis of client protection



- Determines the level of regulatory protection
- Must be done **before** providing Financial Services
- Three categories:
 - **Retail Clients**
 - **Professional Clients:**
 - Deemed;
 - Service-Based;
 - Assessed.
 - **Market Counterparties**



Process & Flexibility

- Professional Clients can opt-in to Retail Status
- Multiple classifications allowed, depending on Financial Service
- Authorised Firms can rely on classification made elsewhere, provided requirements are similar
- Records must be maintained for at least 6 years



Process & Flexibility

Assessed Professional Clients



- **Net Assets calculation:**
 - Excludes value of primary residence and any debt or mortgages
 - Includes 33% of market value of Recognized Crypto Tokens (List available on our website).
- **Assessment of knowledge & experience:**
 - Market/product understanding & education
 - Investment history & frequency
 - Portfolio size and composition
 - Transaction size and complexity
 - Professional qualifications in finance



Suitability

Purpose and Applicability



- Retail and Professional Clients
- Ensure a product or service is appropriate
- **Applies when:**
 - Providing advice/recommendations
 - Managing investments on a discretionary basis
- **Does not apply when:**
 - Transaction undertaken on an execution-only basis
 - Service provided to Market Counterparties



Suitability Assessment



- **Elements to be considered:**
 - Investment objectives and needs
 - Financial Situation
 - Risk tolerance
 - Knowledge and experience

Common Themes, Pitfalls & Good Practice



Client Classification

- ✓ Assessment of net worth, knowledge & experience is well documented
- ✓ Client classification is revised as and when needed
- × Tick- box approach
- × Net Assets Calculation based on outdated rules

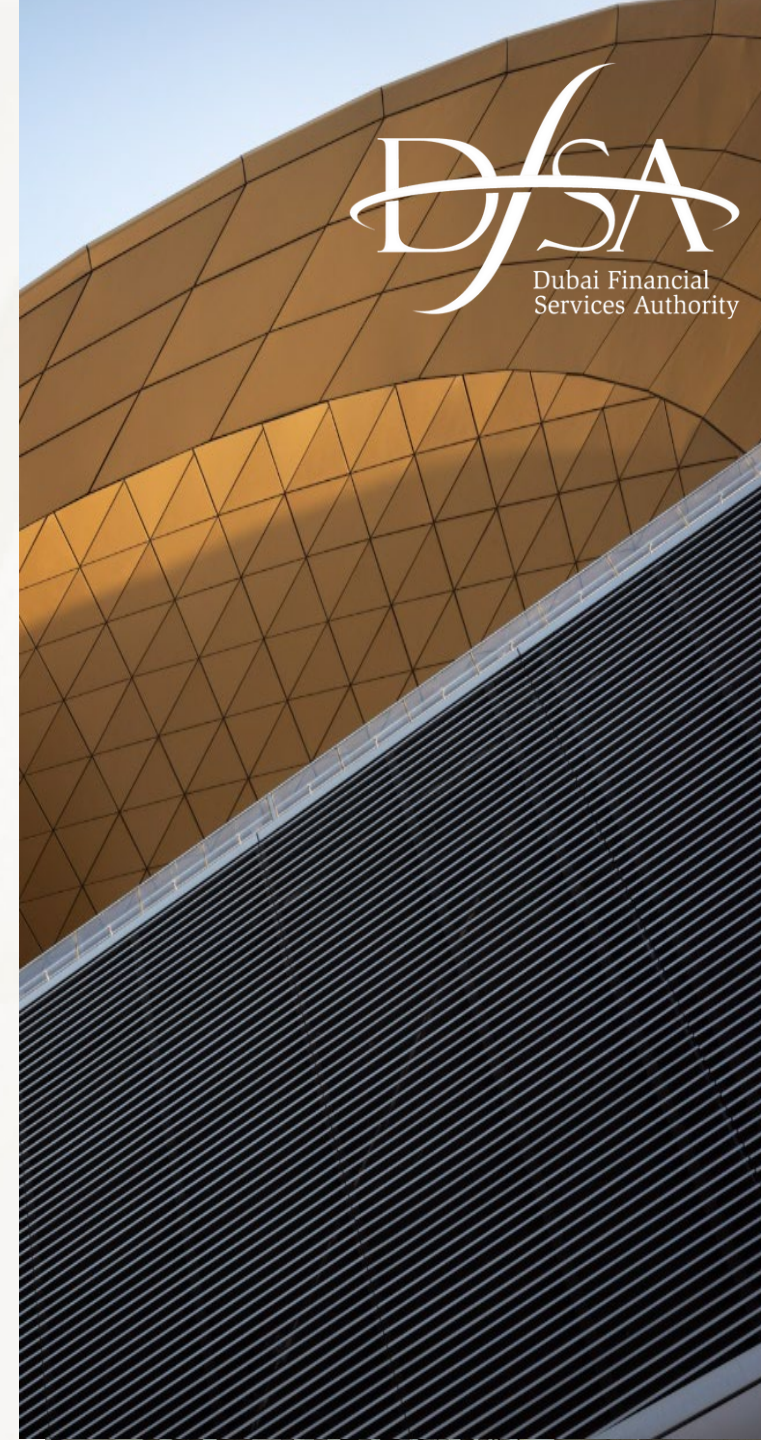
Suitability

- ✓ Well documented suitability report setting out product benefits, risks and costs
- ✓ Automated suitability checks pre-trade execution
- × Limiting assessment to matching product risk to client profile
- × Absence of challenge from Compliance
- × Inadequate record keeping

Onboarding

- × Providing services to clients 'in or from the DIFC' without onboarding them locally, in line with DFSA requirements.

Your Questions, Answered



DFSA Essentials – (3) Prudential



Prudential Requirements



Financial Resources
and Requirements



Systems and
Controls



Electronic Prudential
Reporting System
(EPRS)

Prudential Requirements



Financial Resources
and Requirements

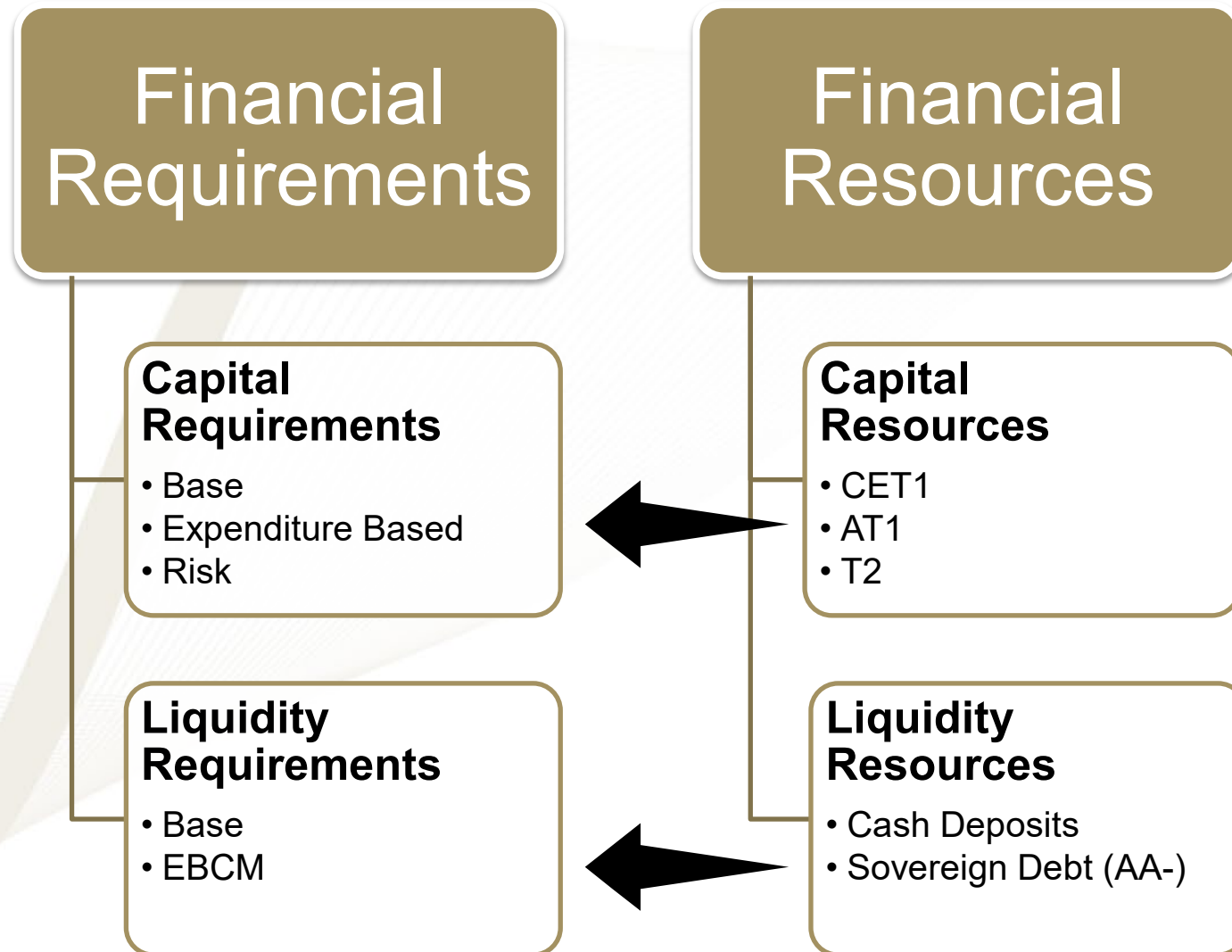


Systems and
Controls



Electronic Prudential
Reporting System
(EPRS)

Financial Resources and Requirements



Financial Resources and Requirements

PIB 3.6 – Base Capital Requirement

Financial Requirements

Capital Requirements

- Base
- Expenditure Based
- Risk

Liquidity Requirements

- Base
- Expenditure Based

Prudential Category	Current (USD)	July 2025 (USD)
1,5	10mn	10mn
2	2mn	500k-2mn Matched Principal 500k
3A	500k	200k
3B	500k-4mn Fund Custodian 4m	500k-2mn Fund Custodian 500k
3C	70k-500k Managing Assets 230k	40k-500k Managing Assets 140k
3D	200k	200k
4	30k-140k	30k-140k

Base Capital Requirement to be met in full with CET1

Financial Resources and Requirements

PIB 3.7 – Expenditure Based Capital Minimum

Financial Requirements

Capital Requirements

- Base
- Expenditure Based
- Risk

Liquidity Requirements

- Base
- Expenditure Based

Applicable to all Domestic Cat 2, 3, 4 Firms that hold Client Assets - COB 6.11.4(a) to (c); or

Authorised to conduct certain Financial Services within those Categories

Applicable EBCM Ratio may range from 6/52 – 18/52

Calculate Annual Audited Expenditure – PIB 3.7.3 and inform DFSA of material changes to EBCM

EBCM to be met in full with capital resources, with a minimum capital composition requirement of:
60% CET1
80% T1

Financial Resources and Requirements

PIB 3.7 – Expenditure Based Capital Minimum

Financial Requirements

Capital Requirements

- Base
- Expenditure Based
- Risk

Liquidity Requirements

- Base
- Expenditure Based

Applicable to all Domestic Cat 2, 3, 4 Firms that hold Client Assets - COB 6.11.4(a) to (c)

Client asset Endorsement

Holding or Planning to Hold Client Assets

Considered as Holding Client Assets

Controlling and Not Planning to Hold Client Assets

Notify the DFSA if intending to Hold Client Assets, to be recategorised as Holding Client Assets

Financial Resources and Requirements



PIB 3.8 – Risk Capital Requirement

Financial Requirements

Capital Requirements

- Base
- Expenditure Based
- Risk

Liquidity Requirements

- Base
- Expenditure Based

Credit Risk Capital Requirement

Market Risk Capital Requirement

Operational Risk Capital Requirement

Displaced Commercial Risk

Applicable to Domestic Firms Dealing in Investments on a Matched Principal Basis – moving to Category 2

Starting July 2026 – no longer applicable for Category 3A Firms.

Financial Resources and Requirements

PIB 3.5.3 – Liquidity Requirement (Applicable to Domestic Categories 3B, 3C, 3D and 4)

Financial Requirements

Capital Requirements

- Base
- Expenditure Based
- Risk

Liquidity Requirements

- Base
- Expenditure Based

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 and Requirements

Financial Resources

Capital Resources

- CET1
- Additional Tier 1
- Risk

Liquidity Resources

- Base
- Expenditure Based

Capital Resources – PIB 3.10

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

Liquid Assets (Resources) - PIB 3.5.3 (4)

- ☐ Cash in hand
- ☐ Deposits (BBB)
- ☐ Sovereign Debt Securities
 - ☐ AA-
 - ☐ <12 months maturity
 - ☐ AED, USD, EUR, GBP
 - ☐ 2/3 of requirement limit
 - ☐ FV measurement

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

Prudential Requirements



Financial Resources
and Requirements




Systems and
Controls



Electronic Prudential
Reporting System
(EPRS)

Systems and Controls

PIB 3.2.5 – Systems and Controls

- 
- Capital and Liquidity requirements to be monitored on an ongoing basis.
 - Authorised Firm must notify the DFSA immediately and confirm in writing its Capital Resources fall below 120% of its Capital Requirement - PIB 3.2.6.
 - Proactive management of capital and liquidity resources.
 - Professional indemnity insurance for Cat 3B, 3C, 3D 4 (starting July 2025 no longer applicable to Money Services Firms and Branches).

- PIB 3.2.5 (3)
- Notify DFSA immediately of any breach or expected breach
- PIB 3.2.4 -
branches to submit a copy of capital and leverage ratio report submitted to home state regulator

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 Ratios
Form B120	Capital Resources
Form B130	Credit Risk
Form B140	Market Risk
Form B150	Operational Risk
Form B180	Expenditure Based Capital Minimum
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 B310	Large Exposure
Form B320	Arrears and Provisions
Form B330	Forborne Exposures
Form B340	Credit
Form B350	Trade Finance
Form B360	Islamic Products
Form B370	Investment
Form B380	Investment Fair Value
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

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
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Reporting Forms



Form B10A	Assets
Form B10B	Liabilities
Form B10C	Equity
Form B10D	Off Balance Sheet Exposures
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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"

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	
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This annual return is for: (number of calendar days)*	
*To be ignored for quarterly returns	

- ☐ For **Annual Returns** Only – Enter the number of calendar days the EPRS return reporting period covers.
- ☐ The first financial year of an Authorised Firm may be less than twelve months and up to 18 months (*subject to provisions in GEN 8.3.5*).
- ☐ This Form must be completed to be able to submit the returns.

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
- 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 Resilience

Strengthening resilience through proactivity

Operational Risk Management

Framework and governance

- Operational Risk policy
- Risk appetite and tolerance
- Allocation of responsibilities

Identification & assessment

- Products, activities, processes and systems
- Operational Risk events and financial impact

Operational Resilience

Strengthening resilience through proactivity

Operational Risk Management

Control and mitigation

- Policies, processes, internal controls
- Risk mitigation and/or risk transfer

Monitoring & reporting

- Monitoring of Material Exposures
- Reporting mechanisms
- Notification to the DFSA



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

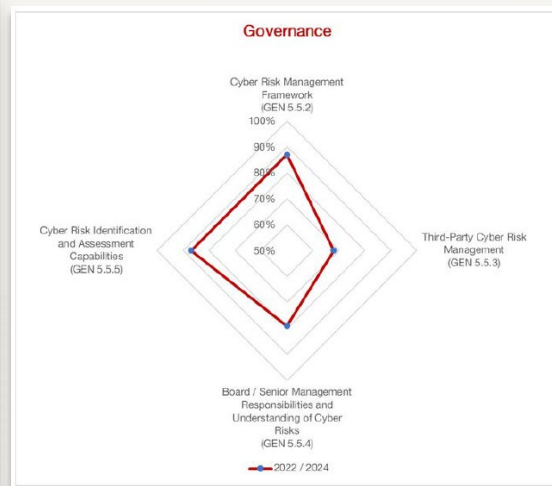
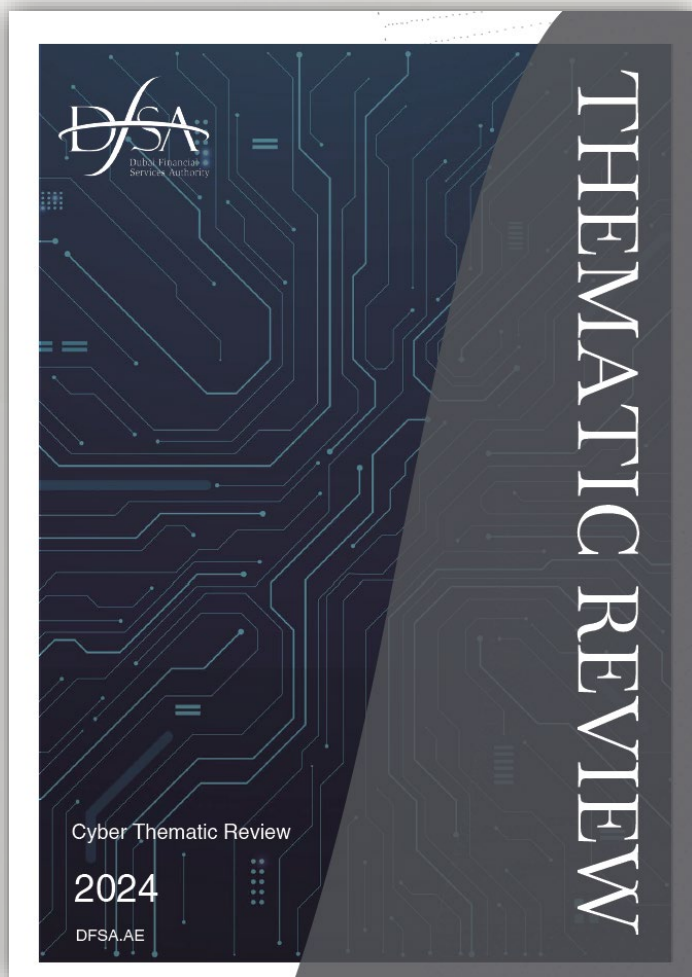
- ✓ Trainings conducted
- × Lack of sufficient resources

Risk Management

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

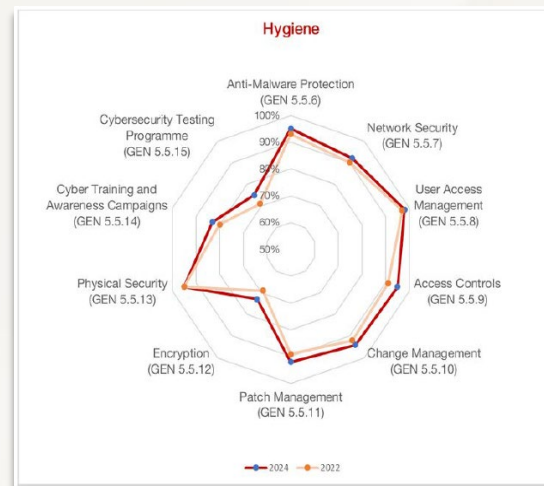
2024 Cyber Risk Thematic Review

Strengthening digital defenses



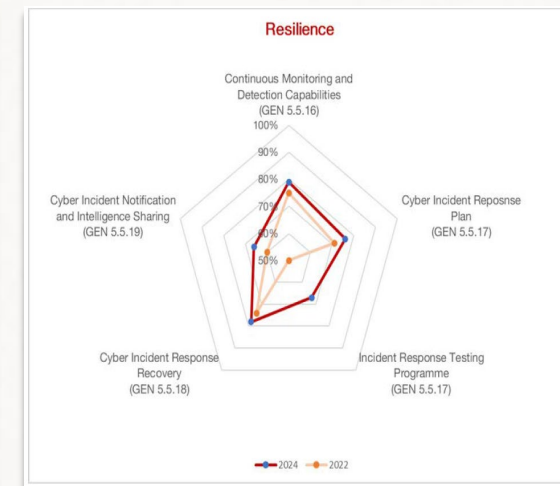
Governance

1. Cyber Risk Governance Framework
2. Third-Party Cyber Risk Management



Hygiene

3. Cybersecurity testing Programme
4. Encryption



Resilience

5. Cyber incident response planning and testing
6. Cyber incident notification and threat intelligence sharing

Cyber Incident Notification

From breach to action



The DFSA Rulebook

General Module

(GEN)

5.5 Cyber risk management

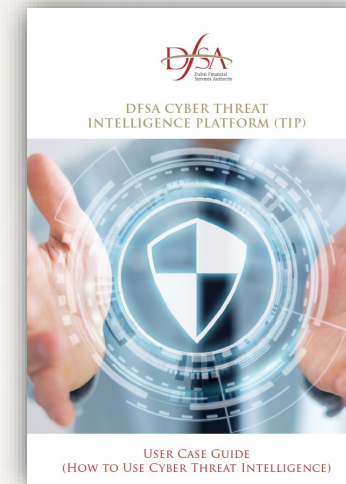
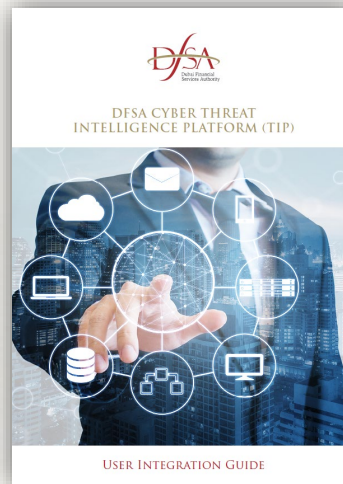
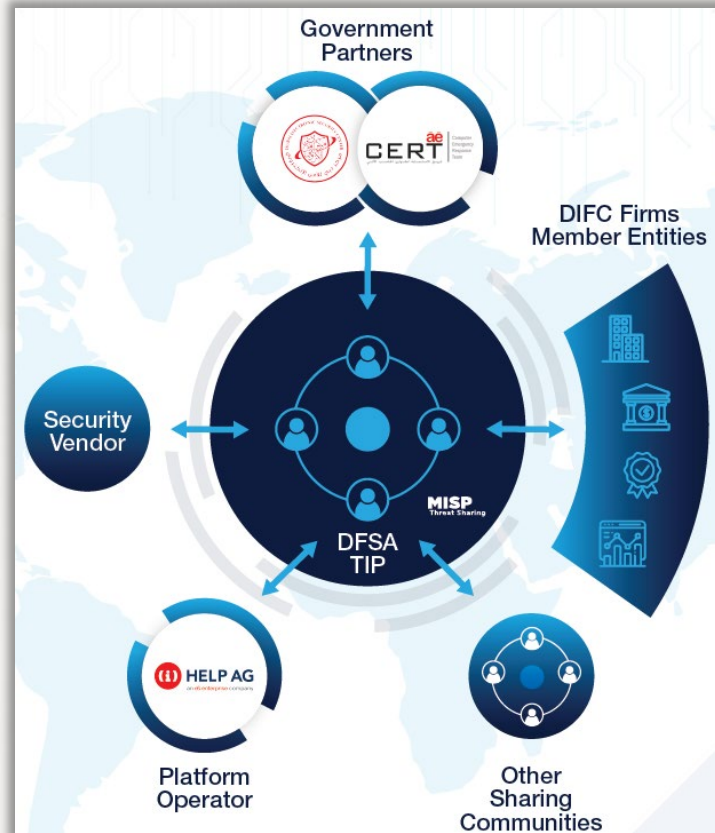
“5.5.19 An Authorised Person must notify the DFSA as soon as reasonably practicable, and in any event **no later than 72 hours**, after it becomes aware, or has information which reasonably suggests, that a **material** Cyber Incident has occurred, using the appropriate form available on the DFSA electronic portal.

Guidance

1. In determining whether a Cyber Incident is material, an Authorised Person should take into account the extent to which the Cyber Incident:
 - a. affects customer information or poses a risk to Client Assets;
 - b. results in leakage or corruption of **sensitive or confidential information**;
 - c. disrupts **critical business functions or information systems**;
 - d. leads to material financial loss to the Authorised Person; or
 - e. **affects external stakeholders**.
2. The DFSA expects an Authorised Person to consider the need to report Cyber Incidents to other authorities, such as **law enforcement agencies or the DIFC Data Protection Commissioner.**”

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

Delivery

Executing core functions with professionalism and efficiency

Engagement

Thoughtful and active engagement with key stakeholders

Innovation

A creative and facilitative approach as a regulator and organisation

Sustainability

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

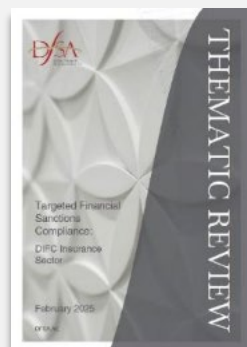
Fostering a collaborative approach

Latest announcements and initiatives



Global Financial Innovation Network's report on AI, co-led with the UK's Financial Conduct Authority

January 2025



Thematic Reviews: Targeted Financial Sanctions Compliance – Insurance Sector

February 2025



Business Plan 2025-2026

February 2025



Annual Report

May 2025

Regulatory updates



- Feedback Statement on CP160 – Updates to the Client Assets Regime
- Release of CP164 – Capital Requirement for Operational Risks
- Release of CP165 – Proposed Changes to the DFSA's Approach to Licensed Functions and Authorised Individuals
- Amendments to Legislation in February and March 2025

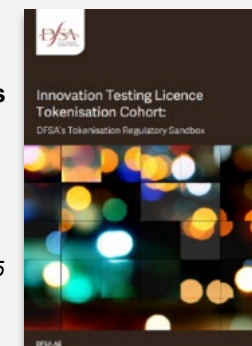
Leadership announcements

- Alan Linning appointed Managing Director, Enforcement – effective 28 July 2025
- Mark Steward appointed Chief Executive – effective 19 May 2025

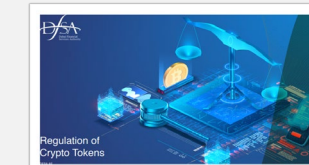
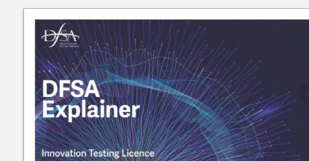
Initiatives

The DFSA seeks expressions of interest for Tokenisation Regulatory Sandbox

Applications open until 18 April 2025



Explainer Guides



AML & Counter-Terrorism 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.

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.uaeiec.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

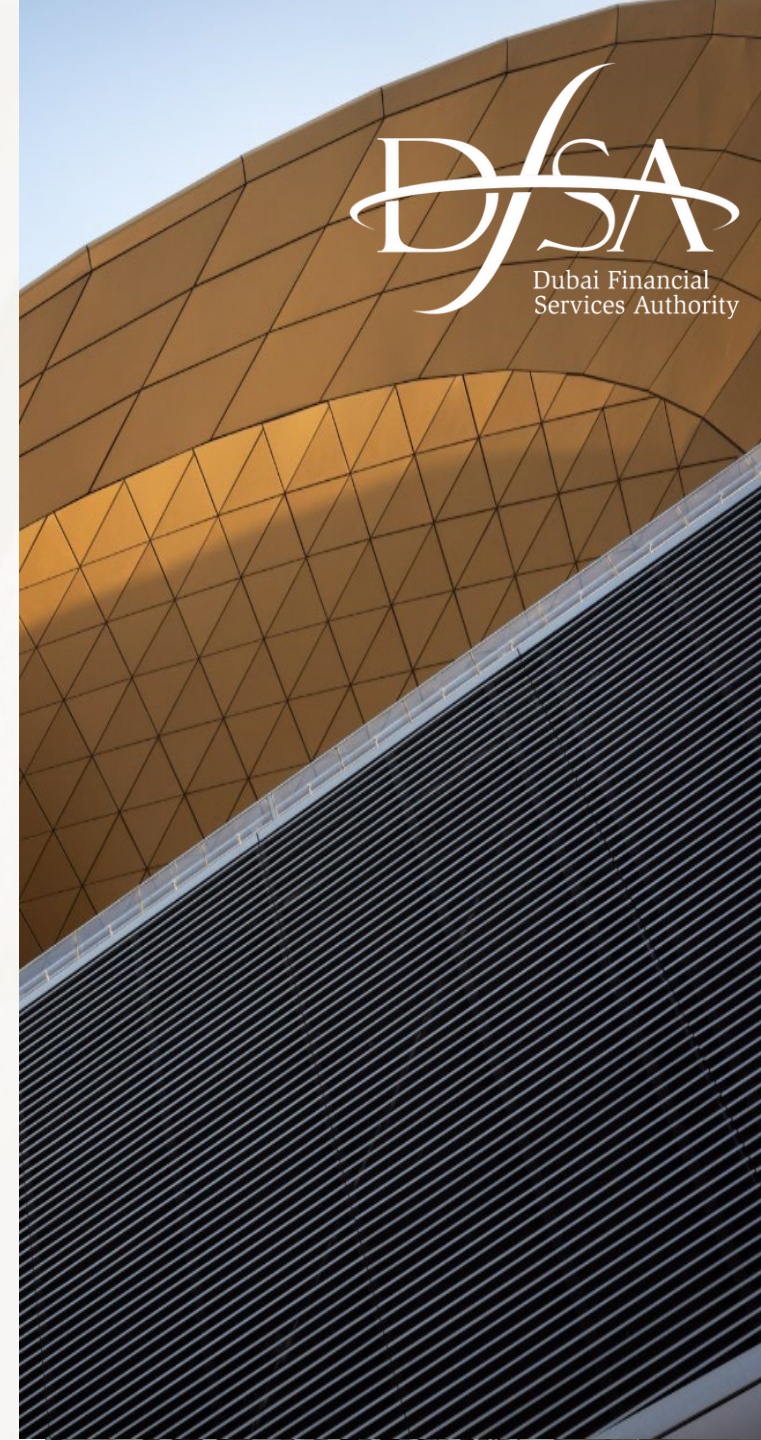
Ensure Senior Management are properly engaged in **approving and monitoring** the AML framework.

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



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 **client onboarding** requirements including client classification and suitability.
- 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. The UAE has significantly strengthened its national AML framework in recent years. The next FATF assessment is scheduled for 2026 and preparations are well underway - we also continue to collaborate with federal authorities to implement FATF recommendations.
- We are happy to engage with firms and encourage all requests to be made via the **DFSA e-portal**.

Keep up to date with the DFSA:



www.dfsa.ae

www.linkedin.com/company/dfsa/

dfsacorpcomms@dfsa.ae