



BY EMAIL

01 March 2026

To: Senior Executive Officers (“SEO”) of DFSA Authorised Firms

RE: Regional Uncertainties

Dear SEO,

The Dubai Financial Services Authority (“DFSA”) is closely monitoring the rapidly evolving situation in the Middle East and its potential implications for financial markets, firms’ operations, and the broader economic environment.

The Government of the UAE and the Government of Dubai are acting decisively to ensure the safety and the wellbeing of the local community. The DFSA is maintaining close and regular engagement with relevant UAE authorities, including other financial services regulatory and supervisory bodies and continues to support coordinated efforts to maintain financial stability, market confidence, and the orderly functioning of the Dubai International Financial Centre (“DIFC”).

DFSA Operational Continuity

As it has been already announced on the [DFSA Website](#), the DFSA has implemented necessary operational measures to ensure the continuity of its regulatory and supervisory functions. Our operational arrangements, supported by ongoing investments in digitalisation and regulatory technology, enable us to continue to discharge our statutory objectives effectively and with minimal disruption.

Authorised Firms should expect supervisory engagement and regulatory processes to continue largely as normal. Where adjustments are necessary, these will be communicated clearly and in a timely manner.

Authorised Firms’ Financial Resilience

International regulatory standards and best practices, implemented by the DFSA, have strengthened the resilience of the financial system post-Covid. Financial institutions incorporated in the DIFC, including banks, continue to enjoy strong and sound financial positions including comfortable levels of capital and liquidity buffers well above minimum regulatory requirements. These buffers are specifically designed to be used in stressed periods to support the real economy and to absorb any potential losses. The DFSA’s recent stress test shows that DIFC banking subsidiaries would be resilient to a prolonged economic stressed period.

Expectations of Authorised Firms

In light of the current environment, the DFSA reminds Authorised Firms of the importance of maintaining robust operational resilience and effective risk management frameworks. In particular, firms should:

- assess and, where necessary, enhance business continuity and contingency arrangements, including for critical third-party dependencies and cross-border operations;
- ensure that governance and escalation arrangements remain effective, with timely management information available to senior management;
- remain vigilant to heightened liquidity, credit, market, operation and cyber risks, and take appropriate mitigating actions; and
- continue to communicate openly with the DFSA regarding any material issues, disruptions, or emerging risks that could impact their ability to continue to service their clients in an orderly manner or meet regulatory requirements.

The DFSA recognises the efforts already undertaken by many firms to manage uncertainty and adapt to challenging conditions, and expects this proactive approach to continue.

Regulatory Engagement

The DFSA remains committed to risk-based and proportionate supervision. We will continue to engage proactively with the regulated community in the DIFC and with international counterparts to assess the situation and any potential impact and to share relevant information where appropriate.

In times like these, timely communication and cooperation between regulators and the regulated community is critical and cannot be stressed enough. The DFSA encourages all Authorised Firms to maintain active and regular contact with the DFSA and to approach the DFSA if they have specific queries or issues.

Moreover, the DFSA expects all Authorised Firms to provide prompt notifications of any significant developments, events, or other matters reasonably expected to be reported to the DFSA. This will help both the DFSA and Authorised Firms work together openly and cooperatively in dealing with any challenge.

For further clarity, we have included as **Appendix A** to this letter a non-exhaustive list of indicators which Authorised Firms should monitor closely and report to the DFSA in the event of any significant change or deterioration.



The DFSA will continue to monitor developments closely and will provide further communications should the situation evolve in a manner that warrants additional regulatory guidance or action.

If you have any questions in relation to this letter, please contact us using the [DFSA ePortal](#).

Yours Sincerely,

Justin Baldacchino
Managing Director, Supervision

Copy to: Finance Officers of Authorised Firms
Compliance Officers of Authorised Firms

Appendix A – List of Indicators

This Appendix sets out a **non-exhaustive list of enhanced indicators** which DFSA Authorised Firms (“AFs”) are expected to monitor closely in the context of heightened geopolitical and regional uncertainty in the Middle East.

Any **material change, deterioration, or credible forward-looking risk** in the indicators below **must be notified to the DFSA promptly**, even where no regulatory breach has occurred

Notifications should include **management assessment, mitigating actions, and anticipated next steps**, where available.

A- Cross-Cutting Indicators – All Authorised Firms

1. Governance and Decision-Making

- activation of crisis management, recovery, or contingency governance arrangements;
- increased frequency of Board or senior management meetings in response to regional developments;
- material divergence between local management and Group/Parent entity risk appetite or strategy;
- constraints on effective oversight due to absenteeism, travel restrictions, or remote-working limitations.

2. Operational Resilience and Third-Party Dependency

- disruption, degradation, or increased fragility of critical outsourced or intra-group services, including IT, payments, settlement, treasury, compliance, and risk management;
- material deterioration in service levels from third-party providers located in, or exposed to, affected jurisdictions;
- heightened concentration risk arising from substitute providers or emergency arrangements.

3. Cyber and Technology Risk

- increase in cyber-threat activity, attempted intrusions, phishing, ransomware, or data-exfiltration attempts;
- system outages or performance degradation affecting client access, trading, payments, or reporting;
- delays or failures in incident detection, escalation, or response arrangements.

4. Financial Position and Forward-Looking Stress

- results of internal stress testing, scenario analysis, or reverse stress testing reflecting regional escalation scenarios;
- early warning indicators of pressure on profitability, capital, liquidity, or quality of assets over the short- to medium-term;
- emerging constraints on upstreaming or downstreaming capital and liquidity within Groups.

B- Capital and Liquidity Indicators (where applicable)

5. Capital Resources

- expected or emerging losses that could materially impact Capital Resources;
- management actions required to maintain capital adequacy (including dividend suspension or capital injections);
- early warning of potential breach of internal capital thresholds or DFSA notification triggers.

6. Liquidity and Funding

- activation or near-activation of contingency funding plans;
- material deterioration in liquidity buffers, liquidity coverage, or maturity mismatch profiles;
- unexpected withdrawal (incl. early withdrawal, large drawdowns, etc.) or non-renewal of deposits or funding linked to regional confidence effects;
- significant reduction in the wholesale funding market, challenges or inability to access interbank funding, freeze in repo markets, increased collateral posting requirements, material increase in funding costs, etc.

C- Business-Model-Specific Indicators

7. Credit and Lending Activities

- deterioration in asset quality linked to regional counterparties, sectors, or sovereign exposure;
- material increase in non-performing loans or delinquencies;
- increased requests for restructurings, forbearance, or instances of covenant breaches;
- stress in collateral valuation or enforceability.

8. Capital Markets and Trading Activities

- elevated market volatility leading to significant mark-to-market losses;
- increases in margin calls, collateral haircuts, or counterparty disputes;
- disruption to execution venues, clearing, settlement, or custody arrangements.

9. Asset Management Activities

- accelerated or disorderly redemptions;
- liquidity mismatches between fund assets and redemption terms;
- valuation uncertainty, gating considerations, or side-pocketing decisions.

10. Brokerage and Client-Facing Activities

- increased client complaints or disputes linked to market stress or service disruption;
- elevated margin breaches, forced liquidations, or client losses;
- technology or connectivity failures affecting order execution or client reporting.

11. Insurance and Re-Insurance Related Activities

- unexpected increases in claims frequency or severity related to regional events;
- coverage disputes, exclusions, or reserving uncertainty;
- deterioration in reinsurer credit quality or availability of reinsurance.

D- Escalation Expectations

AFs should notify the DFSA without delay where:

- multiple indicators deteriorate simultaneously;
- management judges that risks may become non-linear or systemic; or
- confidence in the firm's ability to continue operations in an orderly manner is materially challenged.