Dubai Financial Services Authority

Annual Report | 2013

Contents

Article 11 of the Dubai International Financial Centre (DIFC) Regulatory Law, DIFC Law No 1 of 2004, requires the Dubai Financial Services Authority (DFSA) to provide His Highness Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum, the President of the DIFC, with a written report on the exercise of its powers, the performance of its functions, and its financial activities. The report is to be prepared as soon as reasonably practical in each financial year and to relate to the previous financial year. This is the DFSA's 10th Annual Report and covers the financial year ended 31st December 2013.

Visit www.dfsa.ae for more information about the DFSA.

2013 Overview

The following information summarises 2013 activities and statistics.

Supervision

- 55 firms authorised in 2013
- 325 firms authorised in total
- 516 individuals authorised in 2013
- 1,503 individuals authorised in total
- 5 designated non-financial businesses and professions (DNFBPs) registered in 2013
- 88 DNFBPs registered in total
- 1 auditor registered in 2013
- 17 auditors registered in total
- 82 risk assessments of authorised firms conducted in 2013
- 15 risk assessments of DNFBPs conducted in 2013
- 14 risk assessments of registered auditors conducted in 2013
- 20 licence variations granted in 2013
- 62 applications received in 2013
- 77 days to decide applications on average in 2013

Policy and Legal Services

- 1 law enacted in 2013
- 12 rule-making instruments made in 2013
- 46 waivers and modifications granted in 2013

Enforcement

- 169 complaints received in 2013
- 166 complaints finalised in 2013
- 10 investigations commenced in 2013
- 7 investigations carrying through to 2013 from previous years
- 8 investigations concluded in 2013
- 9 investigations carrying through to 2014
- 6 enforcement actions taken (3 enforceable undertakings, 1 administrative fine, 1 notice of restriction and 1 withdrawal of authorisation)

Markets

- 7 recognised member applications reviewed in 2013
- 4 recognised member applications approved in 2013
- 676 disclosure notifications related to listed entities made in 2013
- 14 issuers admitted to the Official List of Securities in 2013

International Relations

- 32 bi-lateral MoUs entered into in 2013
- 91 bi-lateral MOUs entered into in total
- 56 regulatory requests made by the DFSA to fellow regulators in 2013
- 88 regulatory requests received from fellow regulators to the DFSA in 2013
- 26 local and international delegations received by the DFSA in 2013

Human Resources

- 127 employees as at 31st December 2013
- 77 regulatory staff (34% of whom are UAE Nationals)
- 5.8 days off-the-job training received per employee on average in 2013
- 22 employees completed further education studies in 2013
- 12.6% employee turnover in 2013
- 21 UAE Nationals completed the Tomorrow's Regulatory Leaders (TRL) Programme since its inception in 2006

Corporate Affairs

- 10 publications issued in 2013
- 6 consultation papers issued in 2013
- 15 consumer alerts issued in 2013
- 3 business units underwent process improvement activities in 2013
- 4 internal audits conducted, 2 by external parties and 2 conducted by Projects and Planning in 2013

Statement by the Chairman

Saeb Eigner

CHAIRMAN

THE DFSA WAS ESTABLISHED IN 2004 BY THE DIFC'S FOUNDING PRESIDENT, HIS HIGHNESS SHEIKH MOHAMMED BIN RASHID AL MAKTOUM, UAE VICE PRESIDENT, PRIME MINSTER AND RULER OF DUBAI. IN THE TEN YEARS SINCE, THE DIFC HAS GROWN INTO ONE OF THE WORLD'S LEADING INTERNATIONAL FINANCIAL CENTRES.

We will celebrate our 10th anniversary in 2014 with immense pride and sense of achievement. Under the guidance of the DIFC President, His Highness Sheikh Maktoum Bin Mohammed Al Maktoum, Dubai's Deputy Ruler, the three main bodies in the Centre continue to work together effectively in co-ordinating high level strategies and aligning long-term objectives.

As I write my statement for this Annual Report, one of the most important announcements of the year for Dubai had just been made. As a result of unyielding drive, determination and commitment, Dubai has been voted winner of the World Expo 2020 bid at the 154th general assembly of the Bureau International des Expositions in Paris. We are enormously proud to be part of Dubai's success and wholeheartedly congratulate the leadership, government and people of the UAE on this monumental achievement. The UAE is gearing its policies and focusing intense effort on becoming by 2021 one of the pre-eminent countries in the world in which to live, work and invest. This event will reinforce the positive momentum.

In hosting Expo 2020, Dubai will be building on the vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum by consolidating its position on the global stage as a bridge between cultures and people of all backgrounds from around the world; a place that respects its past, celebrates the present and looks forward to the future with confidence and aspiration.

While benefits will accrue to the UAE and regional economy from the lead-up to Expo 2020, the event will also leave a valuable legacy for the longer term. For example, financial services firms operating in the DIFC are expected to see an increase in trade and infrastructure finance as well as in real estate investment trusts. The UAE's investment of many billions of dollars in new infrastructure projects to prepare for the 25 million expected visitors will add two per cent to Dubai's gross domestic product and some 300,000 new jobs, according to government figures.

Supporting Dubai's Islamic Economy Initiative

International efforts to prevent a repeat of the global financial crisis have provided an opportunity not only for improvements in conventional regulation and standard-setting, but also for Islamic finance. The Islamic economy is estimated to have a potential value of USD 7 trillion (according to the Dubai Islamic Economy Development Centre), and is one of the biggest concentrations of economic power in the world.

His Highness the Ruler announced Dubai's Islamic Economy Initiative in 2013 and plans for this are now progressing, with legislation in place to establish its framework. An important part of this initiative is the further development of Islamic finance. The DFSA already has an excellent regulatory regime for Islamic finance and we are co-operating with the Dubai authorities to ensure that the DIFC is a key part of this initiative. Already in 2013 we have seen USD 6 billion worth of successful issues of sukuk on NASDAQ Dubai, the exchange within the DIFC (an increase from less than USD 1 billion in 2012).

The DIFC and the DFSA are well placed to assist with this initiative. The efficient and modern business environment and infrastructure of the DIFC, together with the 'Shari'a Systems' method of regulation provided by the DFSA, provides flexibility for firms seeking to offer products through an Islamic window or to operate as Islamic institutions. DFSA's commitment to Islamic finance is evident through our involvement in the Islamic Financial Services Board (IFSB), supported by the strong proportion of staff having advanced qualifications in Islamic finance.

DFSA's Leadership Programme Continues to Foster UAE Talent

Since the inception of the TRL Programme in 2006, about 40 UAE Nationals have been given the opportunity to make a career in financial sector regulation. Some 34% of the DFSA's regulatory staff are now from the UAE. The programme is a unique blend of formal training and work experience that aims to deliver sustainable benefits to UAE Nationals, not just by providing a job, but by equipping them for long-term career advancement.

The past year marked a number of milestones for the programme. The DFSA became an Authorised Training Employer with the Institute of Chartered Accountants in England and Wales (ICAEW) and an ICAEW Emiratisation Scholarship Scheme partner, promoting the development of local talent in the accounting and auditing profession.

> Throughout the year, the DFSA has continued its commitment to support UAE nationals who undertake master's degrees and professional certifications in areas such as compliance, anti-money laundering (AML), finance, banking and risk management.

The DFSA, just like Dubai as a whole, employs nationalities from all over the world. At year-end, 22 countries were being represented. The DFSA is a truly integrated and international organisation, and we are proud of this diversity. Everyone is happy to play their part in the Dubai success story by celebrating multi-culturalism, in line with the vision of Dubai.

Board and Stakeholder Meetings in Europe

Every year, the DFSA Board of Directors holds a meeting outside Dubai, providing an opportunity for the Board and members of DFSA's senior management team to interact with peers from other jurisdictions.

In October, the Board hosted a luncheon and dinner in London and Paris that included the heads of financial regulatory authorities from Europe and the United Kingdom (UK) including the European Securities and Markets Authority (ESMA), Autorité des Marchés Financiers, Autorité de Contrôle Prudentiel et de Résolution, the UK's Financial Conduct Authority, the Bank of England, Prudential Regulation Authority, European Banking Authority and the London Stock Exchange. A lunch was also held in London for senior representatives of our regulated firms.

Welcome to a New Governor and Thanks to HE Abdullah Saleh; DFSA Board Changes

HE Essa Kazim becomes Governor of the DIFC from January 2014. He is Chairman of the Dubai Financial Market, Chairman and Chief Executive Officer (CEO) of Borse Dubai Ltd, and a member of the DIFC Higher Board. On behalf of the DFSA, I warmly congratulate HE Essa Kazim and offer him our full support and commitment.

On behalf of the DFSA Board, its committees and staff, I also sincerely thank the outgoing Governor, HE Abdullah Saleh, who was also Chairman of the DFSA from 2007 to 2011 and will continue to be a member of the DIFC Higher Board, for his consistent and most valuable support and guidance.

The DFSA extends its thanks to two outgoing Board members: Mr Michael Blair QC and Mr Georg Wittich. Mr Blair was a member from 2004 and, as Chairman of the Board's Legislative Committee, was instrumental in shaping the DIFC's regulatory and legal regime.

Mr Wittich also joined in 2004 and served as Chairman of the Regulatory Appeals Committee (RAC) from 2012. We thank Messrs Blair and Wittich for their significant contribution to the development of DFSA: Mr Blair for the tremendous developments made to the legal and legislative framework, and Mr Wittich for his thorough knowledge of the European regulatory systems.

We also welcome Mr Blair's successor as Chairman of the Legislative Committee, Mr Charles Flint QC, who is a leading barrister specialising inter alia in financial services regulation. The DFSA has many highly experienced international regulators as members of its Board and executive team, without whom our achievements in 2013 would not have been possible. Their hard work, dedication and collegiality are a source of pride to me.

We are immensely fortunate to have the support and enjoy the encouragement of Dubai's leadership, as well as government departments of Dubai and the UAE, without which none of what we have achieved would have been possible. We have never failed to receive the support for our operational independence that is essential for an international regulator such as the DFSA and gives confidence to firms who operate in or consider joining the DIFC community.

Our job is to protect and enhance the reputation of the DIFC and, thus, that of Dubai and the UAE. Much of what we do lies "below the radar". We do it professionally and efficiently. As we approach our 10th anniversary we remain confident of the future of the DIFC and look forward to the next year with much enthusiasm and energy.

Saeb Eigner
Chairman

Statement by the Chief Executive

Ian Johnston
CHIEF EXECUTIVE

2013 was a year in which the DFSA accomplished a good deal. I had indicated in the 2012 Annual Report that while we would continue to implement international standards in the DIFC, we would otherwise slow the pace of change to the rulebook.

This was for two reasons; first, the DFSA legislation and Rulebook is at a stage of maturity that allows us to make fewer changes; and the pace of change in recent years, largely implementing reforms in response to the global financial crisis, has been somewhat frantic, so making only those changes that are necessary or strongly desirable has benefited our regulated firms.

That said, we did implement some significant changes to our regime in 2013 in response to the international agenda and improving the environment in the DIFC. These are detailed elsewhere in this report.

One of the key themes identified in our business plan for 2013 was International Engagement. This is as you would expect in an international centre. To this end we further developed relations with counterpart regulators in other jurisdictions.

One of the most significant agreements entered into was with ESMA, the independent European Union (EU) body established to protect investors and promote stable and well-functioning financial markets in the EU. Among its responsibilities is the supervision of credit ratings agencies (CRAs).

CRAs in the DIFC are licensed and supervised by the DFSA, and as three of these are also supervised by ESMA, the need arose for a memorandum of understanding (MoU) that facilitated supervisory and enforcement-related co-operation in light of the cross-border activities of CRAs.

In August, we also concluded 28 supervisory agreements with the EU and the European Economic Area securities regulators. Under these agreements, fund managers in the DIFC will be able to access a greater pool of investors by managing and marketing certain funds into Europe.

Also, in August, the European Commission granted ‘equivalent’ status to the DFSA’s audit monitoring system, following an assessment of the supervisory regime for auditors in the DIFC. This decision means that individual EU audit regulators may enter co-operative agreements with us with a view to relying on each other’s work on the supervision of auditors and audit firms. We already have an MoU with the audit oversight regulator in the United States (US).

In September, we added the Central Bank of Lebanon, and in December, the Bank of Italy and the Italian Securities and Exchange Commission to our expanding list of MoUs. I am pleased to highlight these agreements, not only because they help position the DIFC as a destination of choice for financial services, but also because they strengthen our regulatory relationships in the region and beyond.

The DFSA continues to operate a regulatory regime that is consistent with international standards, giving international firms a familiar operating environment.

Our involvement with the main international standard-setters saw a continued level of participation in 2013. We are an observer on the Basel Committee; a member of the Technical Committee of the International Association of Insurance Supervisors (IAIS); and a member of the Technical Committee of the IFSB. In November, I was elected to the Steering Group of the International Organisation of Securities Commissions’ (IOSCO) Growth and Emerging Markets Committee. This year, we have dedicated a separate section in this Report to highlight the DFSA’s work in this regard. Please see pages 43 and 44.

Our 2013 business plan advised that we would conduct a number of thematic reviews. One such review focused on remuneration, governance and controls within authorised firms (as well as remuneration structure), and a second on our audit monitoring programme. The remuneration review sought to determine how remuneration and incentive practices affect fair dealings with customers (while also testing compliance with DFSA rules) and confirms our stronger emphasis on conduct and ethical behaviour. The overall findings were positive, but demonstrated that a number of firms need to improve various aspects of their remuneration policies and practices. We hosted an information session detailing some of the findings of this review in November and the key findings of both thematic reviews can be seen on the DFSA website.

In 2013, we also initiated further work on our funds regime. This is expected to result in the introduction of a new class of fund early in 2014 – Qualified Investor Exempt Funds, which can be offered by fund managers seeking professional investors who invest USD 1 million or more. The regulatory regime will recognise the distinct profile of this type of investor and have lower regulatory requirements than for other types of fund.

While our primary role is to protect the integrity of the DIFC and the clients of DIFC firms, we recognise the importance of appropriate regulation in the development of the Centre. To this end, we continue to liaise closely with the DIFC Authority (DIFCA) and the DIFC Courts in building the integrity and reputation of the DIFC. I am also pleased to have further developed our relationships with our fellow UAE regulators – the Securities and Commodities Authority (SCA), the Central Bank and the Insurance Authority.

In closing, I extend my sincere thanks to the DFSA Chairman and Board of Directors for their advice and support. Of course, none of the DFSA’s success would be possible if it were not for the high calibre and dedication of our staff. The DFSA has an excellent and experienced team and I am most grateful for the efforts of all.

Ian Johnston
Chief Executive


DUBAI

Who We Are

The DFSA

The DFSA is the independent regulator of financial and ancillary services conducted in or from the DIFC, a purpose-built financial free-zone in Dubai, United Arab Emirates (UAE).

The DFSA's regulatory mandate includes asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange.

In addition to regulating financial and ancillary services, the DFSA is responsible for supervising and enforcing AML and counter-terrorist financing (CTF) requirements applicable in the DIFC. The DFSA has also accepted a delegation of powers from the DIFC Registrar of Companies (RoC) to investigate the affairs of DIFC companies and partnerships where a material breach of DIFC Companies Law is suspected and to pursue enforcement remedies available to the Registrar.

Our Vision, Mission, Regulatory Approach and Values

Our Vision

To be an internationally respected regulator and a role model for financial services regulation in the Middle East.

Our Mission

To develop, administer and enforce world-class regulation of financial services within the DIFC.

Regulatory Approach

To be risk-based and to avoid unnecessary regulatory burden.

Values

To expect high standards of ethical conduct and integrity from the DFSA and its people.

To demonstrate professionalism, independence, efficiency, leadership, and resolve in the discharge of our responsibilities.

To ensure administrative fairness, consultative process, accessibility, impartiality and accountability in the performance of our functions.

DFSA Objectives

In discharging its regulatory mandate, the DFSA has a statutory obligation to:

- Foster and maintain fairness, transparency and efficiency in the financial services and related activities carried on in the DIFC;
- Foster and maintain confidence in the financial services industry in the DIFC;
- Foster and maintain the financial stability of the financial services industry in the DIFC, including the reduction of systemic risk;
- Prevent, detect and restrain conduct that causes or may cause damage to the reputation of the DIFC or the financial services industry in the DIFC through appropriate means, including the imposition of sanctions;
- Protect direct and indirect users and prospective users of the financial services industry in the DIFC; and
- Promote public understanding of the regulation of the financial services industry in the DIFC.

Principles

In aiming to establish and maintain an environment that supports the DIFC's guiding principles of integrity, transparency and efficiency, the DFSA has set uncompromisingly high standards in building a clear and flexible regulatory framework, based on the best practices and laws of the world's leading financial jurisdictions.

The result is clear and succinct legislation that is relevant to a modern international financial centre.

The DFSA strives to meet the applicable standards of leading international organisations such as the Basel Committee on Banking Supervision (BCBS), the Financial Action Task Force (FATF), the IAIS, the IFSB and IOSCO.

The DFSA actively participates in international organisations and contributes to their dialogue in areas such as financial services regulation, AML, compliance and Islamic finance regulation. This enables us to stay abreast of, and contribute to implementing, international standards within the region.

Values and Ethics

The DFSA Values reflect the core DIFC operating principles of integrity, transparency, and efficiency. These are firmly embedded in the DFSA's rules and procedures and incorporated in the DFSA Code of Values and Ethics for employees.

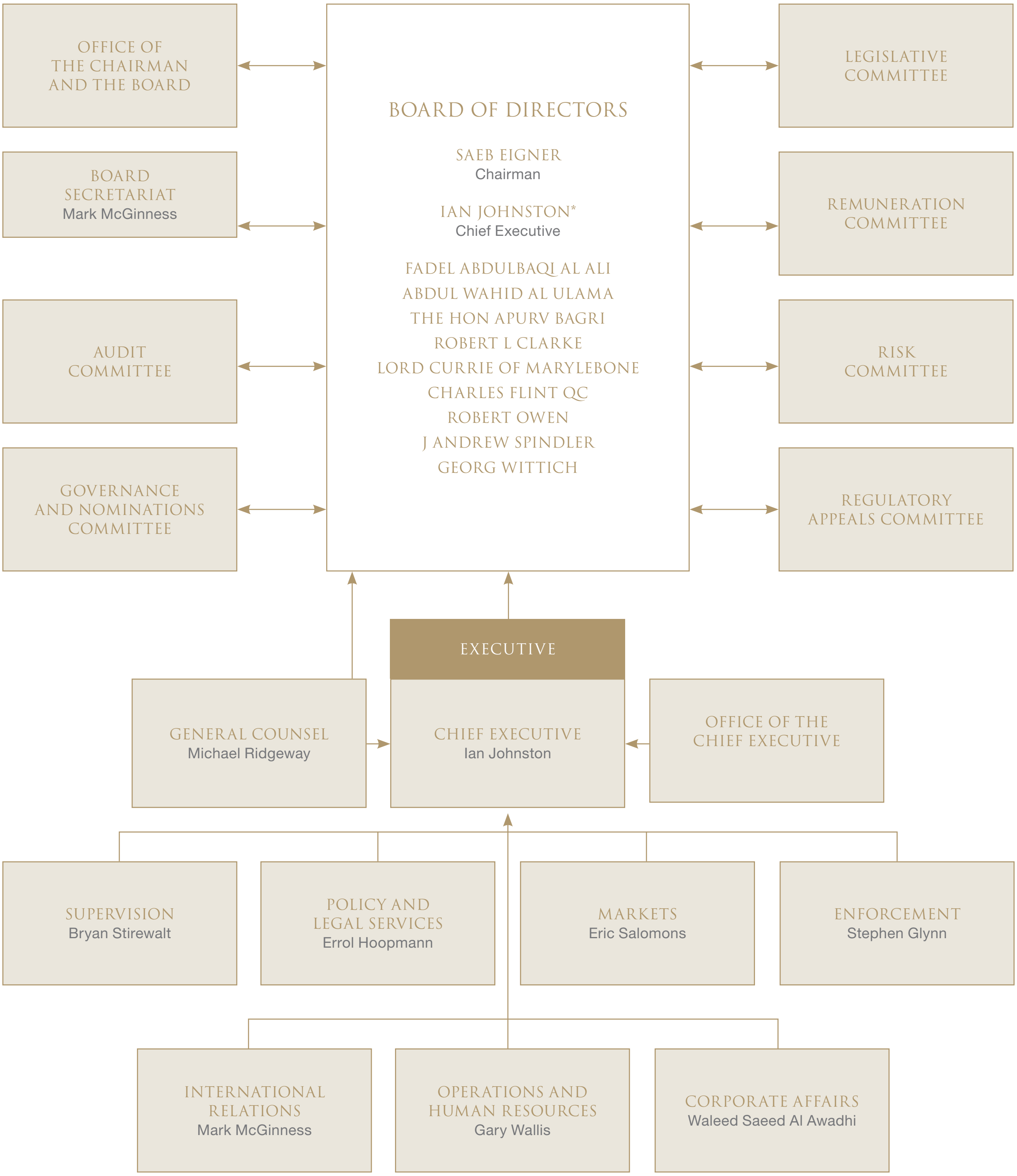
The Code sets appropriate international best practice standards in relation to the use of regulatory information, conflicts of interest, and the giving and receiving of gifts and benefits. It is designed to complement the conflicts of interest and confidentiality provisions in the Regulatory Law.

The Code includes procedures for the management of perceived conflicts and potential conflicts relating to close relationships between employees and consultants of the DFSA and of other DIFC agencies.

The DFSA Board of Directors has adopted a similar Code of Values and Ethics appropriate for members of the Board, committees and tribunals.

The Board's Code is available on the DFSA website.

DFSA Governance Model



* Ex-officio
As at 31st December 2013

DFSA Board of Directors

An independent Board of Directors oversees the DFSA Chief Executive and his staff. This ensures a transparent separation of day-to-day regulatory activities from the oversight of the DFSA's regulatory performance.

The powers and functions of the Board under the Regulatory Law are to:

- Exercise the legislative powers of the DFSA;
- Appoint members to the RAC and the Financial Markets Tribunal (FMT), each of which exercises certain regulatory decision-making functions;
- Ensure that the DFSA exercises its statutory powers and performs its statutory functions in accordance with its objectives;
- Make policies relating to the regulation of financial services and related activities;
- Make provision for the consideration of adjudication on and the application of penalties in relation to disciplinary and other matters;
- Review the performance of the Chief Executive;
- Give the Chief Executive directions;
- Arrange for the DFSA to enter into co-operation arrangements with other regulators;
- Review draft laws and recommend them to the President of the DIFC;
- Review and make rules;
- Review and issue standards and codes of practice; and
- Make submissions to the President in relation to legislative matters outside the scope of its own legislative powers.

In exercising its general oversight of the DFSA's operations, the Board's role includes:

- Making strategic decisions affecting the future operation of the DFSA;
- Setting appropriate policies to manage risks to the DFSA's operations and the achievement of its objectives and seeking regular assurance that risks are managed in accordance with these policies;
- Maintaining a sound system of financial controls; and
- Providing an accountability mechanism for decisions made by Board committees through periodic reporting.

Members of the DFSA Board are leading legal, business and regulatory experts drawn from major international financial jurisdictions.

All Board Directors are appointed by the President of the DIFC for three-year terms. All Board Directors have entered into a service agreement with the DFSA which details terms of appointment, duties, remuneration and expenses, confidentiality, conflicts of interest, term and termination and indemnities.

As at 31st December 2013, the Board consists of 11 members and all but the Chief Executive are independent non-Executive Directors. The Board is supported by the Secretary to the Board of Directors and the General Counsel.

The DFSA has comprehensive directors and officers liability insurance cover which the Board considers adequate and appropriate. The policy excludes cover in the event a Board Director is proven to have acted in bad faith.

The Board, as required under the Regulatory Law, has appointed a RAC and an FMT. In addition to the RAC which is required by statute, the Board has established five committees to assist it in discharging its functions. These are the Legislative Committee (LegCo), Governance and Nominations Committee, Audit Committee, Risk Committee and Remuneration Committee (RemCo). These committees form a solid foundation for good governance, efficiency and policy formation.

Some committees include members who are not members of the Board, but have particular expertise that is helpful to the members of the committees. The Chairman of the DFSA Board is an ex-officio member of all Board committees except the Audit Committee and the RAC.

The following schedule shows Board member attendance at meetings during the year, with attendance (either in person or by teleconference) shown as a proportion of the number of meetings individual Board members were eligible to attend.

DFSA Board Member Attendance at Meetings in 2013

Committees							
	Board	Remuneration Committee	Legislative Committee	Governance and Nominations Committee	Audit Committee	Risk Committee	TRL and Nationals Working Group
Saeb Eigner	6/6	3/3	3/6	2/3		1/2	
Ian Johnston	6/6	3/3	6/6	3/3		1/2	
Fadel Abdulbaqi Al Ali	6/6	3/3			4/4		2/2
Abdul Wahid Al Ulama	6/6		6/6				2/2
The Hon Apurv Bagri	6/6	3/3		3/3	4/4		
Michael Blair QC	3/3		6/6			1/1	
Robert L Clarke	6/6	3/3	6/6				1/2
Charles Flint QC	4/4		4/4			1/1	
Lord Currie of Marylebone	6/6	3/3		3/3			2/2
Robert Owen	5/6		5/6			2/2	
J Andrew Spindler	6/6			3/3	4/4	2/2	2/2
Georg Wittich	6/6		6/6		4/4		

DFSA Board Member Profiles
(as at 31st December 2013)

Saeb Eigner

Saeb Eigner was appointed DFSA Chairman in August, 2011. He has been a member of the Board since October 2004 and served as Deputy Chairman since 2007.

Formerly a Senior Manager at ANZ Grindlays Bank PLC, in London, Mr Eigner headed the Middle East and Indian Sub-continent Division of the private bank, which he left to found Lonworld, a private investment group in the early 1990's and of which he is the Chairman.

Mr Eigner holds a Master's Degree in Management from London Business School.

He is a Governor of London Business School and Chairman of its Audit and Risk Committee.

He is the co-author of the management books Sand to Silicon (2003) and Sand to Silicon-Going Global (2009) and author of Art of the Middle East (2010).

He holds and has held a number of senior Board appointments in banking, strategy, education, regulation and investment.

Ian Johnston

Ian Johnston was appointed Chief Executive of the DFSA in June 2012. Mr Johnston joined the DFSA in November 2006, as a Managing Director heading the Policy and Legal Services Division.

Mr Johnston was admitted to practice law in Australia in the early 1980's and spent most of his career in the private sector. He held a number of senior positions within the financial sector and was the CEO of one of Australia's major trustee companies. During that time, he played a leading role in the trustee industry and served on the National Council of the Trustee Corporations Association.

In 1999, Mr Johnston joined the Australian Securities and Investments Commission (ASIC) where he was Executive Director, Financial Services regulation, and spent several terms as an Acting Commissioner. In 2005, he took up a position as a special advisor with the Hong Kong Securities and Futures Commission (HK SFC).

Mr Johnston is a past Chairman of the Joint Forum, which comprises representatives of the major international regulatory standard-setters (IOSCO, IAIS and the Basel Committee). In November 2013, he was elected to the Steering Group of IOSCO's Growth and Emerging Markets Committee (GEM). He is also a member of the Technical Committee of the IAIS, the global standard-setting body for insurance regulation, and is a member of the Board of Directors of the Financial Planning Standards Board.

Fadel Abdulbaqi Al Ali

Fadel Abdulbaqi Al Ali is the Chief Operating Officer of Dubai Holding and Acting CEO of Dubai Group.

Mr Al Ali sits on the Executive Committee of Dubai Holding. He is the Chairman of Dubai International Capital and is on the Board of Jumeirah Group, both being entities of Dubai Holding. He also serves on the Boards of Emaar Properties PJSC and, du (Emirates Integrated Telecommunications PJSC).

Mr Al Ali has considerable experience in the finance industry which includes several years at Citibank before his move to Dubai Holding.

Mr Al Ali graduated from the University of Southern California with a Bachelor of Science in Industrial and System Engineering. He also holds a Certificate of Finance from the American University of Sharjah.

Abdul Wahid Al Ulama

Abdul Wahid Al Ulama is a partner with White and Case in their Global Merger and Acquisitions Practice.

He is a certified arbitrator operating in Dubai and registered with the Dubai International Arbitration Centre and the International Chamber of Commerce.

He has been a Board member of Commercial Bank of Dubai PJSC since February 2012 and an independent non-Executive Director of the Dubai Gold and Commodities Exchange since August 2012.

He is a non-Executive Director and owner of Gulf Lenders Network and Emirates Conveyancing Group, two businesses that are engaged in the real estate sector in the UAE.

Mr Al Ulama has previously been a partner with Al Tamimi & Company Advocates & Legal Consultants in Dubai and the Managing Partner of their associate office in Qatar. Thereafter, he was with Dubai World, initially as the Group Chief Legal Officer. He later assumed leading commercial roles within the Group including Executive Vice-Chairman of Dubai Natural Resources, the natural resources investment arm of Dubai World and Executive Vice-Chairman of Retailcorp World, the retail arm of Dubai World. Before joining White and Case, he was a senior advisor, originations, at Mubadala GE Capital, based in Abu Dhabi.

Mr Al Ulama graduated first in class with exception for his LLB degree from UAE University. Thereafter, he completed his Master’s Degree in International Trade Law from the University College London.

The Hon Apurv Bagri

The Hon Apurv Bagri is the President and CEO of the Metdist Group of Companies. The Group is involved in international non-ferrous trade and industry.

He is a past Chairman and current Board member of the International Wrought Copper Council which represents the global copper fabricating industry. He is Chairman of the Royal Parks Board. He is also Deputy Chairman of the Governing Body of the London Business School, a Commissioner of the Crown Estate Paving Commission and a Trustee of Asia House.

He is a member of the Corporation, University College School. He is also the Honorary Rector and former Pro-Chancellor and Chair of Council of the City University, London, and is a visiting Professor at Cass Business School. He is a past Chairman and current Board member of TiE Inc, a global non-profit organisation that promotes entrepreneurship and wealth creation.

Mr Bagri is an Honours graduate in Business Administration from the Cass Business School in London. He has an Honorary Degree of Doctor of Science from City University, London, and an Honorary Fellowship from London Business School.

Robert L Clarke

Robert L Clarke has extensive experience with banking laws and regulations and bank supervision, in the US and internationally.

Mr Clarke founded the Financial Services Group at Bracewell & Giuliani LLP in 1973. He was appointed by President Ronald Reagan to the US Treasury's Office of the Comptroller of the Currency (OCC) and at the end of his first term was re-appointed by President George H W Bush. He served as Comptroller from 1985 to 1992 and during his tenure the agency supervised about 5,000 nationally chartered commercial banks. During that time, he also served as a member of the Board of Directors of the Federal Deposit Insurance Corporation (FDIC). In March 1992, he re-joined Bracewell & Giuliani LLP as Senior Partner and head of its financial services practice. Mr Clarke has served as a consultant and advisor to a number of countries on their bank supervisory operations.

Mr Clarke has an LLB from Harvard Law School and a Bachelor of Economics from Rice University.

Lord Currie of Marylebone

Lord Currie of Marylebone has wide-ranging experience in financial services, public administration and the education sector.

Since September 2012, he has been Chairman of the Competition and Markets Authority, the new UK competition body that has replaced the Office of Fair Trading and the Competition Commission. As a result of this, he has stepped down from his UK business and other interests, including the Chairmanship of Semperian Investment Partners and directorships of the Royal Mail, BDO UK, IG Group and The London Philharmonic Orchestra.

He was the founding Chairman of Ofcom, the converged UK regulator for electronic communications (2002 to 2009) and the Dean at Cass Business School (2001 to 2007). Formerly, he was Deputy Dean at London Business School, a non-Executive Director of Abbey National, and on the Board of Ofgem, the UK energy regulator, and a variety of other government bodies.

His academic research has been in regulation. He sits on the cross-benches in the House of Lords.

Charles Flint QC

Charles Flint QC is a commercial barrister, arbitrator and mediator specialising in banking and financial services in the UK.

He has advised and acted for regulators and firms in regulatory proceedings and investigations and has been involved in many of the major regulatory cases that have arisen in London in the last 20 years.

In 2009, he was appointed to the Investigatory Powers Tribunal, which investigates complaints against the intelligence agencies of the UK.

He is a Director and Deputy Chairman of the Bar Mutual Indemnity Fund Limited, which provides professional indemnity insurance to barristers. He is a member of the UEFA Club Financial Control Body which administers the financial fair play rules that apply to European football clubs.

Between 1991 and 1995 Mr Flint was a Junior Counsel to the Crown (Common Law). From 1998 to 2004 he was Joint Head of Blackstone Chambers, one of the leading commercial and public law chambers of barristers in London.

Robert Owen

Robert Owen has wide-ranging experience as a regulator and a market practitioner, with particular exposure to the Asia Pacific region.

He established the HK SFC and was appointed its Executive Chairman in 1989. Before this, Mr Owen was Director, Investment Banking, Lloyds Bank Group and Chairman and Chief Executive, Lloyds Merchant Bank. Earlier, he was a Director of Morgan Grenfell & Co, and served in the UK Treasury and Foreign Office.

Since leaving the HK SFC, Mr Owen has been Deputy Chairman of Nomura Asia Holdings Limited, and senior advisor to Nomura International (Hong Kong) Limited, a member of the Council and Regulatory Board of Lloyd's of London, Chairman of Techpacific Capital Limited, Chairman of IB Daiwa Limited, and has been a member of the Board since October 2004, a Director of Singapore Exchange Limited, Sunday Communications Limited, European Capital Co Limited and various other companies and investment funds.

He is currently a Director of Citibank (Hong Kong) Ltd and International Securities Consultancy Limited. He is also Governor of Repton School in the UK and a Board member of Repton School Dubai, Repton School Abu Dhabi and Foremarke Dubai.

Mr Owen was educated at Repton School and Oxford University.

J Andrew Spindler

J Andrew Spindler is the President and CEO of the Financial Services Volunteer Corps, a non-profit public-private partnership that helps build sound banking and financial systems in transition and emerging market countries.

Before his appointment in 1993, Mr Spindler served as a Senior Vice-President at the Federal Reserve Bank of New York (NY Fed), where he headed the Banking Studies and Analysis Function and Payments System Studies staff. While at the NY Fed, he helped develop the risk-based capital framework that has been adopted by bank supervisory authorities in most of the world's financial centres. He represented the NY Fed on the BCBS from 1991 to 1993. Before joining the NY Fed in 1985, Mr Spindler held several international lending and strategic planning positions at the Continental Illinois Bank. He served as a fellow at the Brookings Institution from 1980 to 1983.

Mr Spindler has a PhD and MPA from Princeton University's Woodrow Wilson School of Public and International Affairs and a Bachelor's Degree in International Politics from Harvard University. He is a member of the Council on Foreign Relations, the Bretton Woods Committee and the Foreign Policy Association.

Georg Wittich

Georg Wittich has extensive regulatory experience with financial markets, particularly from a European perspective.

He established the Bundesaufsichtsamt für den Wertpapierhandel (Federal Securities Supervisory Office) in Frankfurt and served as its President from 1994 to 2002. In 1998, Mr Wittich was elected Chairman of the Forum of European Securities Commissions which played a key role in developing common standards for European capital markets. In IOSCO, Mr Wittich was Vice-Chair of the Technical Committee and Chairman of the Internet Project Team. Before this, Mr Wittich held various senior posts in the Federal Ministry of Finance in Germany in international finance and securities markets and was Financial Counsellor at the German Embassy in Tokyo (1983 to 1987).

Mr Wittich graduated with law degrees from the University of Kiel and undertook additional studies at the Ecole Nationale d'Administration in Paris.

Mr Wittich retired from the DFSA on 31st December 2013.

DFSA Board Committees

Legislative Committee

LegCo assists the Board in discharging its policy-making and legislative functions, including the development of legislation and rules on the regulation of financial services conducted in or from the DIFC.

LegCo members are:
• Charles Flint QC (Chairman)
• Abdul Wahid Al Ulama
• Robert L Clarke
• Robert Owen
• Georg Wittich
• Saeb Eigner *
• Ian Johnston *
• Michael Ridgeway *
• Errol Hoopmann *
• Michael Blair QC (external member)**
• Peter Casey (external member)**

* Ex-officio
** Refer to the DFSA website for their corporate profiles

The composition of membership is mixed between non-executives and executive staff. This enables the committee to tackle issues about regulatory policy and the workability and user-friendliness of DFSA administered legislation.

Decisions on the committee's workload are taken by the Executive, in consultation with the members. In many instances, agenda items are highlighted because they are related to international regulatory policy and standard-setting.

Once the agenda is set, the working methods involve three stages.

Stage 1 entails members scrutinising and commenting on draft material proposed by the Executive, in writing and in advance of a meeting. Thus, when the committee meets, the discussion between the members themselves and other executive staff is focused on the members' comments. Once approved by the committee, the relevant material is subject to public consultation.

Stage 2 is after the results of public consultation have been obtained. This process in stage 1 is then repeated, to refine the proposals in the light of the consultation.

Stage 3 is less intensive in that members vet the final proposals before sending them to the Board for adoption.

The principal work of the committee this year included the introduction of a consolidated updated module of AML, CTF and Sanctions Rules (AML Rules), following the publication of revised recommendations by FATF and the introduction of new rules for exchanges and clearing houses in the Authorised Market Institution (AMI) Module. The AMI regime is intended to align with the EU model with a view to being recognised by ESMA. The committee also commenced a consultation on proposed changes relating to the DFSA's regulatory appeals arrangements including the jurisdiction of the FMT and a consultation on proposed changes to the law and rules relating to the appointment and registration of auditors for regulated firms, domestic funds and public listed companies in the DIFC.

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities regarding the financial management of the DFSA, the adequacy of its systems of internal controls and the quality of its internal risk management process. The Chairman and Chief Executive are not members of the Audit Committee.

Audit Committee members are:
• J Andrew Spindler (Chairman)
• Fadel Al Ali
• The Hon Apurv Bagri
• Georg Wittich

During 2013, the Audit Committee oversaw the completion of the external audit covering the DFSA's 2012 financial statements and accounts, and the commencement of the external audit of the 2013 financial statements and accounts. The committee implemented a comprehensive and targeted internal audit programme, including independent audits of the Information Technology (IT) security and penetration, the Operational Authority Matrix and the DFSA Employees' End of Service Gratuity Trust.

The committee also played a key role in shaping and approving the DFSA's 2014 budget proposal which was completed in September. The committee actively monitored the DFSA's funding and cash balance throughout the year and made appropriate recommendations.

As part of its oversight of internal financial controls, the committee also reviewed the Operational Authority Matrix and the Finance Department's Policies Manual.

Risk Committee

The primary function of the Risk Committee is to assist the Board in identifying and assessing external risks – primarily regulatory – that could affect the DFSA's ability to meet its regulatory objectives, or could impact negatively on the DFSA's reputation. The committee also assists the Board in considering potential and actual risk mitigation.

Risk Committee members are:
• Robert Owen (Chairman)
• Charles Flint QC
• J Andrew Spindler
• Saeb Eigner *
• Ian Johnston *

* Ex-officio

During 2013, the Risk Committee held two meetings. The first considered two main items: the analysis that supports the DFSA Board's risk tolerance levels in relation to various categories of regulatory risk and the way this risk tolerance may change over time; and an inventory of the main external risks identified as facing the DFSA, their relative importance and the actions the DFSA is taking and will take to mitigate them. Both matters, the risk tolerance levels and the risk inventory, were subsequently discussed and approved by the Board as inputs to the DFSA's strategic planning process for 2014 and beyond.

The committee's second meeting discussed the progress made by the organisation in mitigating a number of the external risks previously identified. The committee also discussed the plans for 2014, and agreed that the Board's risk tolerance will be refreshed and the risk inventory comprehensively reviewed.

Governance and Nominations Committee

The primary function of the Governance and Nominations Committee is to assist the Board in fulfilling its supervisory responsibilities in respect of the operations of the Board and its management; to identify individuals qualified to become Board members (including the Chief Executive); to develop a succession programme; and to develop and recommend a set of corporate governance principles to the Board.

Governance and Nominations Committee members are:
• The Hon Apurv Bagri (Chairman)
• Lord Currie of Marylebone
• J Andrew Spindler
• Saeb Eigner *
• Ian Johnston *

* Ex-officio

The committee began the year with consideration of an external survey of Board effectiveness, including a review of its own performance and terms of reference. The committee and the Board agree that conducting annual self-examinations helps keep the Board vibrant.

During the year, the Governance and Nominations Committee recommended changes to the various committees' terms of reference to eliminate unnecessary provisions and provide for more efficient committee decision-making, particularly when time is of the essence and in-person meetings are impractical. The committee also agreed to a regular semi-annual meeting schedule, with the flexibility to hold additional meetings if necessary.

The committee received reports from the Executive on an increased level of attrition and discussed various probable causes and possible responses. The departure of certain staff members created an opportunity for restructuring of the organisation to make best use of remaining individuals' talents.

At the end of the year, the committee began planning for the heavy workload that is expected in 2014 due to the expiration of appointments of Board and FMT members and the proposed legislative changes that will eliminate the RAC.

Remuneration Committee

The primary function of the RemCo is to make recommendations that will assist the Board to discharge its responsibilities relating to human resources. The committee's remit includes matters concerning remuneration, performance and policies applicable to the DFSA's Board, Executive and staff.

Remuneration Committee members are:
• Lord Currie of Marylebone (Chairman)
• Fadel Al Ali
• The Hon Apurv Bagri
• Robert L Clarke
• Saeb Eigner *
• Ian Johnston *

* Ex-officio

During 2013, the committee undertook a detailed review, and approved the Executive's proposal to introduce a tailored 360° review of its senior management team. This led to the adoption of a Leadership Development Programme for an extended group of staff which included 24 line and senior managers.

The committee reviewed the results of the Employee Engagement Survey and endorsed the action plan proposed by the Executive to address a number of issues raised.

The committee also reviewed and endorsed the organisation's succession and contingency plans.

The committee maintained its long-standing detailed review of the remuneration proposals of the organisation as a whole, paying particular attention to the remuneration of senior management.

Regulatory Appeals Committee

The RAC functions as an internal appeal mechanism for DFSA's regulatory decisions to ensure procedural fairness, objectivity and transparency. The law empowers the RAC to conduct a full merits review of Executive decisions under appeal. Hearings and decisions of the RAC are heard in public unless it ordered otherwise. Decisions of the RAC may be reviewed by the DIFC Courts by way of judicial review on a point of law.

RAC members are:
• Georg Wittich (Chairman)
• Abdul Wahid Al Ulama
• Robert Owen
• Michael Blair QC (external member)**
• Jayshree Gupta (external member)**
• Nada Khneisser Zarka (external member)**
• William F Kroener, III (external member until September 2013)
• Ermanno Pascutto (external member until September 2013)

** Refer to the DFSA website for their corporate profiles

Unlike previous years, no new appeals regarding decisions of the Executive were filed in 2013. A pending appeal regarding the DFSA`s denial of an application for authorisation was withdrawn by the applicant.

Financial Markets Tribunal

The FMT serves as an independent financial services disciplinary tribunal to determine breaches of DFSA administered legislation and related regulatory proceedings. It is broadly empowered with a remit and powers comparable to other international integrated financial services regulatory tribunals.

The FMT is operationally independent of the DFSA Board and Executive. Decisions on originating proceedings before the FMT may be appealed to the DIFC Courts. Decisions of the FMT on appeals of Exchange decisions may be appealed to the DIFC Courts on a point of law.

FMT members are:
• Stewart Boyd CBE QC (President)**
• John L Douglas**
• Gavan Griffith QC**
• Ali Malek QC**
• David M Stockwell**

** Refer to the DFSA website for their corporate profiles

UAE Nationals and Tomorrow's Regulatory Leaders Working Group

The Working Group is a vehicle through which the Board seeks to promote the development of UAE National employees, and through which it oversees the TRL Programme. Membership of the Working Group includes selected Board members and members of senior management who are integrally involved in training and development of our UAE National employees.

Nationals and TRL Working Group members are:
• J Andrew Spindler (Chairman)
• Fadel Abdulbaqi Al Ali
• Abdulwahid Al Ulama
• Robert L Clarke
• Lord Currie of Marylebone
• Michael Ridgeway (Dean of the TRL Programme)
• Waleed Saeed Al Awadhi (Director, Corporate Affairs)
• Gary Wallis (Director, Operations and Human Resources (HR)

During 2013, the Working Group considered and implemented various options for enhancing the presence of the TRL Programme in the local community and in the Arabic press. As a result, the DFSA reinforced its relationship with influential members in the government, business and higher education sectors, and it received significant coverage from local and regional Arabic media.

Internally, the Working Group approved the Senior Manager Development Programme and agreed to hire five new Associates for 2013. The Working Group sought to improve UAE National employees' access to individual Board members and the operations of the Board and its Committees. Rotations were scheduled to provide opportunities for UAE Nationals to attend LegCo and Risk Committee meetings.

The Working Group concluded the year by considering the past successes and longer-term future of the programme, seeking to ensure that the DFSA's UAE Nationals strategy continues to be implemented without compromising quality in favour of quantity.

DFSA Executives

Ian Johnston

Chief Executive (Refer to page 23 for his photo and biography)

Waleed Saeed Al Awadhi

Director, Corporate Affairs, joined the DFSA in March 2013 and is an experienced professional who has led key functions in financial services, Islamic banking, real estate investment and development, media and telecommunication industries

Through his international and local responsibilities, he has developed expertise in strategy and market intelligence, sales and marketing, communications, project management, product development, business development, business excellence and knowledge management.

Before joining the DFSA, Mr Al Awadhi worked as Executive Director of Marketing and Communication at Abu Dhabi Media, Head of Priority Banking at Emirates Islamic Bank and Deputy Head of Retail Banking Group and Deputy Chief Marketing Officer at Dubai Bank where he led Royal Banking and Wealth Management, Branding, Corporate Communications and Customer Services Enhancement.

He has also been Global Director of Marketing and Sales and Head of Research Intelligence Department at Sama Dubai (a Dubai Holding company), where he was responsible for over 20 international markets spanning the Far East, Australia, Middle East, North Africa, Turkey and the Levant region.

Previously, Mr Al Awadhi worked as Key Accounts Manager in the Top Corporate Customers Department in Emirates Telecommunication Company.

Stephen Glynn

Senior Director and Head of Enforcement, has extensive experience in the regulation of financial and capital markets, financial services and products and listed and unlisted corporate entities.

As a member of the DFSA's executive management team he contributes to the strategic direction and management of the authority. Mr Glynn's responsibilities include regulating and enforcing compliance with prudential and conduct of business obligations within the DIFC. He has extensive experience applying administrative, civil and criminal remedies in domestic and cross-border investigations. His particular areas of expertise include corporate governance, capital markets, mutual funds, risk management, fraud, AML, securities and financial services regulation.

Mr Glynn is presently a member of IOSCO's Committee 4 which deals with enforcement and the exchange of information.

He previously held various senior positions with ASIC, having responsibility for several divisions including, markets and investments, managed investments, financial services regulation, corporate investigations and financial analysis. He is a forensic financial analyst and a former member of the Investigations Committee of the National Council of Certified Practising Accountants Australia.

Before joining the DFSA, Mr Glynn was the Managing Director of Financial Services Compliance, a consultancy providing compliance and risk management services to the Australian financial services industry.

He has bachelor's and master's degrees from Australian universities.

Errol Hoopmann

Managing Director, Policy and Legal Services, re-joined the DFSA in September 2012 after a sabbatical. In December 2012, he was appointed Vice-Chair of IOSCO's Committee 4 which deals with enforcement and the exchange of information.

From 2009 until July 2011, Mr Hoopmann was General Counsel and Secretary to the DFSA Board. As General Counsel, he was the DFSA's senior legal advisor and headed the Board Secretariat. Before assuming this position, he was Director, Legal Services with primary responsibility for managing legal service delivery in the DFSA, including advising and legislative drafting.

He joined the DFSA in 2003 as a Director in the Enforcement Division and in 2005 was given responsibility for policy formulation. From 2005 to 2008, he created and implemented a two-year graduate development programme within the DFSA (the TRL Programme) to equip UAE National university graduates with knowledge and skills in all aspects of financial service regulatory practice, and acted as Dean of the programme for its first three years.

Before joining the DFSA in 2003, Mr Hoopmann was a Principal Lawyer at ASIC where he was responsible for major enforcement activities. In 2001 and 2002, he was responsible for co-ordinating ASIC's response to the HIH Royal Commission which inquired into the largest failure of a financial services institution in Australia's history.

Mr Hoopmann holds a Bachelor of Law and Graduate Certificate in Business Management. He is a Solicitor of the Supreme Court of Queensland and of the High Court of Australia.

Mark McGinness

Director, International Relations and Secretary to the Board, joined the DFSA in August 2005 to establish the DFSA's office of International Relations. Mr McGinness leads and co-ordinates the DFSA's international activity, which includes responsibility for the DFSA's network of MoUs and its commitment to cross-border co-operation. In 2011, he assumed the additional role of Secretary to the DFSA Board.

He has more than 30 years of regulatory experience, having worked as a State Prosecutor before joining ASIC in 1991. At ASIC, he was successively Principal Legal Officer in Enforcement, the inaugural co-ordinator of International Enforcement, advisor to the Chairman, Director, International Relations and a member of the Senior Executive Service. Mr McGinness was ASIC's representative on the global securities standard-setter, IOSCO's Implementation and Multi-lateral MoU taskforces and its Enforcement Standing Committee.

He is a member of IOSCO's Assessment Committee, sits on the Supervisory Co-operation Sub-Committee of the IAIS and also represents the DFSA at the audit oversight standard-setter, the International Forum of Independent Audit Regulators. In 2004 and 2013, he was a member of the International Monetary Fund (IMF) Financial Sector Assessment Programme team.

Mr McGinness holds a Bachelor of Arts and a Bachelor of Laws (University of Queensland) and is admitted as a Barrister in Australia.

MICHAEL RIDGEWAY

General Counsel, joined the DFSA in June 2011. He is the primary legal advisor to the Board of Directors and the Chief Executive regarding legal risks faced by the organisation. He also educates employees and the Board regarding the DFSA's values and ethics and is the Dean of the TRL Programme.

Before joining the DFSA, Mr Ridgeway's career included service as General Counsel for a US insurance regulator and leadership roles with the National Association of Insurance Commissioners. He has a wide range of experience with alternative dispute resolution, as a practitioner and as a trainer. His knowledge of Native American culture, including service as Editor-in-Chief of the American Indian Law Review, has given him insight beyond the traditional Western ways of resolving disputes.

Mr Ridgeway holds a Juris Doctorate and a Bachelor of Arts in Public Administration. He is admitted to practice in a variety of jurisdictions ranging from tribal and state courts to the US Supreme Court and the DIFC Courts.

ERIC SALOMONS

Director, Head of Markets, joined the DFSA in 2007 with a background in derivative and securities markets. For 17 years he has been involved in derivatives arbitrage, risk management and regulation.

Mr Salomons has gained wide-ranging and valuable experience of exchange operations, clearing houses and settlement systems as project manager for licensing and supervision of markets in Europe and the DIFC. He is a member of the IOSCO Standing Committee for Commodity Derivatives Markets and the Over-The-Counter (OTC) Derivatives Taskforce.

Before joining the DFSA, Mr Salomons worked at the Dutch Financial Services Regulator, responsible for regulation of market infrastructures, and was a member of the working parties to the NYSE Euronext College of Regulators.

Mr Salomons started his career as a derivatives market maker on the Euronext exchange floor and Eurex for Amsterdam Option Traders from 1996 to 2005. He is registered with the Dutch Securities Institute and is a member of the Global Association of Risk Managers.

Bryan Stirewalt

Managing Director, Supervision, joined the DFSA in 2008 and has served as a Managing Director since 2010.

Mr Stirewalt has extensive experience in the financial regulatory sphere, in both public and private sector roles. From 1985 to 1996, he worked for the US Treasury's OCC as a National Bank Examiner, where he specialised in policy development and implementation, problem bank rehabilitation and banking fraud initiatives. From 1996 to 2008, he worked for an international consulting and advisory firm, focusing his attention on emerging markets development programmes, including management of large-scale and multi-faceted projects in Poland, Ukraine, Cyprus and Kazakhstan. These projects related to a wide array of topics including financial sector development, risk management policies and practices, AML systems and controls and methods of supervising complex financial conglomerates.

Mr Stirewalt serves as the Co-Chair of the Basel Consultative Group (BCG), which is a forum for deepening the engagement between member and non-member countries of the BCBS. The BCG facilitates broad supervisory dialogue with non-member countries on new Basel Committee initiatives.

Gary Wallis

Director of Operations and HR, joined the DFSA in 2006 following extensive experience in the financial services industry with HSBC and ABN Amro, as Regional Head of HR in the Middle East and African region and as Global Head of HR for the Private Clients and Asset Management Division, based in Amsterdam.

Mr Wallis has more than 30 years of experience in HR with blue chip international companies, including Schlumberger, Motorola and Microsoft, with 14 of those years being based in Dubai. He holds a Bachelor's Degree in Political Science and is a Chartered Fellow of the Chartered Institute of Personnel Development.


DUBAI FINANCIAL SERVICES
DFSA
TRANSPARENCY

WHAT WE DO

DFSA ORGANISATIONAL STRUCTURE

THE POLICY AND LEGAL SERVICES DIVISION

The Division is responsible for policy advice and formulation, providing in-house regulatory legal advice and support to operating Divisions of the DFSA and managing the business of the Regulatory Policy and Rules and Waivers Committees. It is also responsible for developing and maintaining the Laws and Rules administered by the DFSA, and for consulting with DIFCA and the government of Dubai on other DIFC legislation.

Legal Services also provides litigation management support and advice for the DFSA in its actions in the DIFC Courts, RAC and the FMT.

THE SUPERVISION DIVISION

The Division assesses new applicants that wish to carry out financial services activities in or from the DIFC to ensure that proper systems and controls are in place for the entity's operations, and that the applicant has appropriate governance arrangements, including fit and proper management teams.

Following the authorisation process, the Supervision Division is then responsible for assessing, monitoring and mitigating risk across the full range of authorised firms operating in or from the DIFC. The Division also monitors the work of registered auditors and CRAs.

In the DFSA's broader role of combating financial crime across the entire DIFC, the Division registers and for AML purposes monitors the activity of many other types of entities such as law and accounting firms, single family offices, high value goods dealers, and real estate agents. These entities are captured under a broad title of Designated Non-Financial Businesses and Professions or DNFBPs.

The Supervision Division operates in a manner consistent with the requirements of the relevant financial sector standard-setters. Members of the Division are actively involved with these standard-setters through key groups, task forces and projects at international levels. Members also participate in several Supervisory Colleges of systemically important financial institutions that also have significant operations in the DIFC. The role of Supervisory Colleges is increasingly critical to the role and function of a host supervisor. The Division openly co-operates and communicates with all regulators in the UAE.

THE MARKETS DIVISION

The Division is responsible for the licensing and on-going supervision of the Dubai Mercantile Exchange (DME) and NASDAQ Dubai in the DIFC, the recognition of members, market operators and clearing houses located outside the DIFC and the operation of a listing authority for companies proposing to offer and list securities in the DIFC.

THE ENFORCEMENT DIVISION

The Division investigates breaches of DIFC Laws and Rules administered by the DFSA. The Division takes action in circumstances where misconduct may cause damage to the financial services industry in the DIFC. Its over-arching objective is to prevent, detect and restrain conduct that causes (or may cause) damage to the reputation of the Centre.

THE OFFICE OF THE GENERAL COUNSEL

The Office provides lead advice and counsel to the Board of Directors, its committees and the Executive on legal matters affecting the DFSA, including its governance, statutory obligations, reporting, complaints against the DFSA, contracting and liability exposures. The Office also oversees education, recordkeeping and updates regarding DFSA's ethics programme and conducts on-going reviews of the TRL Programme.

INTERNATIONAL RELATIONS/BOARD SECRETARIAT

The Division co-ordinates DFSA's role in all international matters including its bi-lateral and multi-lateral efforts with regional and international counterparts. The Division also manages DFSA's engagement with the global financial standard-setters. The Board Secretariat manages and co-ordinates all corporate secretary functions for the Board and each of its committees.

THE OPERATIONS AND HR DIVISION

The Division consists of the Finance, IT and Office Administration functions in addition to HR and provides the operational backbone and infrastructure of the DFSA.

THE CORPORATE AFFAIRS DIVISION

The Division applies principles of excellence and knowledge management to position the DFSA as a world-class organisation contributing to the local economy and facilitating international partnerships. It comprises the Projects and Planning Department, the Corporate Communications Department and the Business Excellence and Stakeholder Management functions.

KEY DFSA-WIDE INITIATIVES

When outlining the DFSA's business plan for 2013-2014, three strategic themes were identified as being relevant and important to the development of the DFSA.

They were: Quality, International Engagement and Collaboration. These themes permeate the organisation in what we do and define our key DFSA-wide initiatives in 2013.

The theme of Quality relates to fulfilling our regulatory objectives, International Engagement to being involved with the global standard-setting agenda to ensure the resulting standards take account of jurisdictions like the DIFC, and Collaboration to our interaction with other regulators.

The section below highlights three areas where we focused our time and resources in 2013 to meet the objectives of these themes.

Standard-Setters

DFSA's Involvement

The DFSA continues to operate a regulatory regime that is consistent with international standards[1]. As the DIFC continues to grow, it is clear that international firms welcome this approach as it provides them with a stable and predictable operating environment.

A key aspect of the DFSA's work is to help shape the development of these international standards, to ensure that they reflect the needs of jurisdictions such as the DIFC. Our involvement with the main international standard-setters saw a higher level of sustained participation in 2013 than in any other year, with the DFSA participating as:

- an observer in the Basel Committee;
- a member of the Technical Committee of the IAIS;
- a member of GEM; and
- a member of the Technical Committee of the IFSB.

The BCBS, IAIS and IOSCO continued in 2013 with their policy responses to the global financial crisis, as part of the agenda set by the G-20 and overseen by the Financial Stability Board.

Banking

The DFSA's Managing Director, Supervision, is Co-Chair of the Basel Consultative Group (BCG)[2] and in this role is an observer on the Basel Committee. The committee continues to develop aspects of the Basel III framework and among its publications in 2013 were:

- a revised Basel III leverage ratio framework and disclosure requirements, and
- consultation papers on:
  - large exposures;
  - capital requirements for banks' equity investment in funds;
  - liquidity coverage ratio disclosure standards; and
  - a second consultation as part of the fundamental review of standards for trading activities.

The BCG has been carrying out important work studying the impact of the Basel III framework on emerging markets, smaller economies and financial inclusion.

The DFSA has also participated in a BCBS Taskforce on the Standardised Approach in the Basel III framework, which has been looking at standardised credit risk approaches.

Insurance

In the insurance sector, the Chief Executive represents the DFSA on the Technical Committee of the IAIS. During 2013, the committee continued its work on developing a Common Framework (ComFrame) for the Supervision of Internationally Active Insurance Groups (IAIGs). The IAIS launched the latest consultation on ComFrame in mid-October, with the next phase involving field testing of the proposed framework, with volunteer IAIGs.

The Technical Committee has also been involved in developing the methodology for identifying insurers as being systemically important on a global level[3], and policy measures, and has started work to contribute to the IAIS's goal of introducing, by 2016, the first global insurance capital standard (known as the ICS). All of these are part of the IAIS's contribution to financial stability.

The DFSA also participates in three sub-committees:
• Governance and Compliance;
• Supervisory Co-operation; and
• Insurance Groups and Cross-sectoral Issues

These sub-committees substantively feed into the work of the Technical Committee. The DFSA's Director, International Relations is also a member of the Signatories Working Group, which assesses applications to become a signatory to the IAIS multi-lateral MoU, another important IAIS initiative.

[1] The main international standard-setters relevant to the DFSA are BCBS, IAIS, IOSCO and IFSB.
[2] The BCG represents the views of all countries and jurisdictions that are not members of the Basel Committee itself.

Securities and Markets

In the securities sector, IOSCO's largest committee, the Emerging Markets Committee, the DFSA's Chief Executive is a member of its Steering Group.

In addition to this, and the Africa and Middle East Regional Committee (AMERC), the DFSA participates in three IOSCO committees:

- The DFSA's Managing Director, Policy and Legal Services, serves as Vice-Chair, and the DFSA is represented by a Senior Director and Head of Enforcement, on the Committee on Enforcement and Exchange of Information – Committee 4. In 2013, Committee 4 began the development of a set of principles for credible deterrence in securities regulation. The DFSA is leading the committee's work on this project.
- The Director, International Relations, is a member of the Assessment Committee, which reviews and updates the IOSCO methodology to ensure it is an appropriate measure for effective securities regulation.
- The Director and Head of Markets is a member of the Commodity Futures Markets Committee – Committee 7. Committee 7's key achievement in 2013 was implementation of the IOSCO crude oil benchmarking principles (the PRA Principles), which formed the blueprint for the work undertaken later on the LIBOR benchmark standards.

The DFSA also contributes to the IOSCO-CPSS Working Group on OTC Derivatives, the Organisation for Economic Co-operation and Development (OECD) Taskforce of MENA Stock Exchanges for Corporate Governance and the Middle East and North Africa (MENA)-OECD (MENA-OECD) Capital Markets Taskforce.

Other Standard-Setters

Although the DFSA's main efforts are devoted to participation in the four areas discussed, the DFSA also contributed in 2013 to the work of other standard setters, particularly in accounting and auditing.

[3] A firm identified using this methodology is then known as a Global Systemically Important Insurer or G-SII.

Islamic Finance

Islamic finance is an important area of focus for the DFSA and is a key DFSA-wide initiative, with our Islamic finance team comprising expertise spanning all facets of financial services including banking, takaful, securities, funds, asset management and markets.

Islamic Economy Initiative

In January, His Highness the Ruler of Dubai, announced a strategy for Dubai to become a global hub for Islamic economic activity. A key development of this strategy was the inaugural Global Islamic Economy Summit held in November with the DFSA and DIFCA in attendance. In November, the Governor of the Central Bank of the UAE (CBUAE) announced the introduction of a Central Shari'a Board for the UAE and for Islamic Corporate Governance. The DIFC is well placed to assist with this vision and the DFSA has met representatives from the government of Dubai and offered expertise and support for key projects.

Islamic Finance Standard-Setting Bodies

Our commitment to Islamic finance is represented by our active involvement in various standard-setting bodies comprising the IFSB, the Accounting and Auditing Organisation for Islamic Finance Institutions (AAOIFI) and the International Accounting Standards Board (IASB).

The IASB has formed an advisory group to assist the IASB with matters related to Islamic finance. The mandate is to identify and analyse issues that may be of concern to Muslims with regard to some of the concepts and principles on which International Financial Reporting Standards (IFRS) are based; to define the challenges of applying IFRS to Shari'a complaint transactions and instruments; propose approaches to meet those challenges; and identify and propose disclosure requirements that serve users who are concerned about the nature of entities' operating, investing and financing activities.

The group comprises standard-setters and regulators such as the IASB, the IFSB, the Malaysian Accounting Standards Board, the Saudi Organisation for Certified Public Accountants, the Gulf Co-Operation Council (GCC) Accounting and Auditing Organisation and the DFSA. Group membership is expected to be extended to practitioners.

In addition to being a member of the Technical Committee, the DFSA's commitment to the development of standards for Islamic finance was reconfirmed by the election of the Director, Supervision, as Deputy Chair of the IFSB's Working Group for developing the Core Principles for Islamic Finance Regulation. A new standard was also developed on risk management in takaful undertakings.

The DFSA's Director and Head of Islamic Finance, participated in the IFSB's Review Committee which was established to review the past 10 years of progress in developing standards and to reflect on these to determine the IFSB's strategy for the next 10 years. The DFSA also participated in fomulating the Revised Capital Adequacy Standards, published in 2013.

The IFSB Working Group on Core Principles for Islamic Finance Regulation was established during 2013 with the DFSA co-chairing and having two seats on this important working party. The DFSA now has a permanent seat on the Technical Committee of the IFSB which met twice in 2013. The DFSA also has seats on AAOIFI's Audit and Governance Standards Committee and its Accounting and Auditing Standards Board, and provides commentary regarding proposed changes to Shari'a standards and Islamic accounting.

Islamic Finance Activity in the DIFC

The DFSA has 23 firms engaged in Islamic finance, split almost equally between conventional firms using Islamic windows and those dedicated exclusively to Islamic finance services. The DFSA continues to see interest in this area and expects that interest will rise as a consequence of the government of Dubai's initiative in focusing on a global Islamic economy. In 2013, the DFSA saw a significant increase in the number of sukuk listings on the DFSA's Official List of Securities. As at the end of December, 10 sukuk were listed, with an aggregate market capitalisation of USD 6.1 billion.

DFSA Approach to Islamic Finance

The DFSA has a pragmatic approach to regulating Islamic finance, in that it provides an integrated regulatory framework with due modification to reflect the specifics of Islamic finance. Some fundamental decisions were made to allow a great deal of flexibility covering both purely Islamic Firms, acknowledging this defined market, as well as Islamic windows.

The DFSA does not prescribe the contract forms that must be used for particular types of transaction. However, the regime is flexible enough to allow the use of Islamic windows, effectively providing conventional financial houses with the flexibility to combine the best of both worlds.

Some regulators believe they should play no part in anything with a religious dimension when a firm or product claims to be Islamic. The DFSA believes that regulators cannot simply ignore this. Some regulators make themselves the arbiters of Shari'a matters, typically by establishing their own Shari'a Council as the effective authority within their area of responsibility.

This has the advantage of securing uniform interpretation locally, but in a world where there is no overall consensus it does risk solidifying divisions along national lines. In a centre where firms and customers are international, the DFSA decided to be a Shari'a systems-based regulator. This means that any firm that claims to be Islamic must have its own Shari'a Supervisory Board (SSB) made up of competent scholars. It must have systems and controls to implement the SSB's rulings, and must have annual Shari'a reviews and audits, following AAOIFI standards. It must also disclose details of its SSB to its customers, allowing them to make their own decisions about the reliance they are prepared to place on its rulings. As an active regulator, whose staff are well-experienced in evaluating systems and controls, the DFSA ensures that these arrangements are working in practice as well as on paper. Our last significant change to our Islamic finance regime was to remove the obligation for Islamic firms to use AAOIFI standards of accounting. This came about as a consequence of lobbying by the Islamic industry. All firms now use IFRS, but should a firm want to use a Generally Accepted Accounting Principles or AAOIFI standard, then the DFSA will entertain such an application through the Waivers Committee.

Tomorrow's Regulatory Leaders Programme

The DFSA's financial regulation training programme for young UAE Nationals entered its eighth year of success in 2013. The programme provides unparalleled opportunities to learn through rigorous classwork, hands-on work experience, intensive coaching by internationally experienced co-workers and secondments to firms and federal financial regulators.

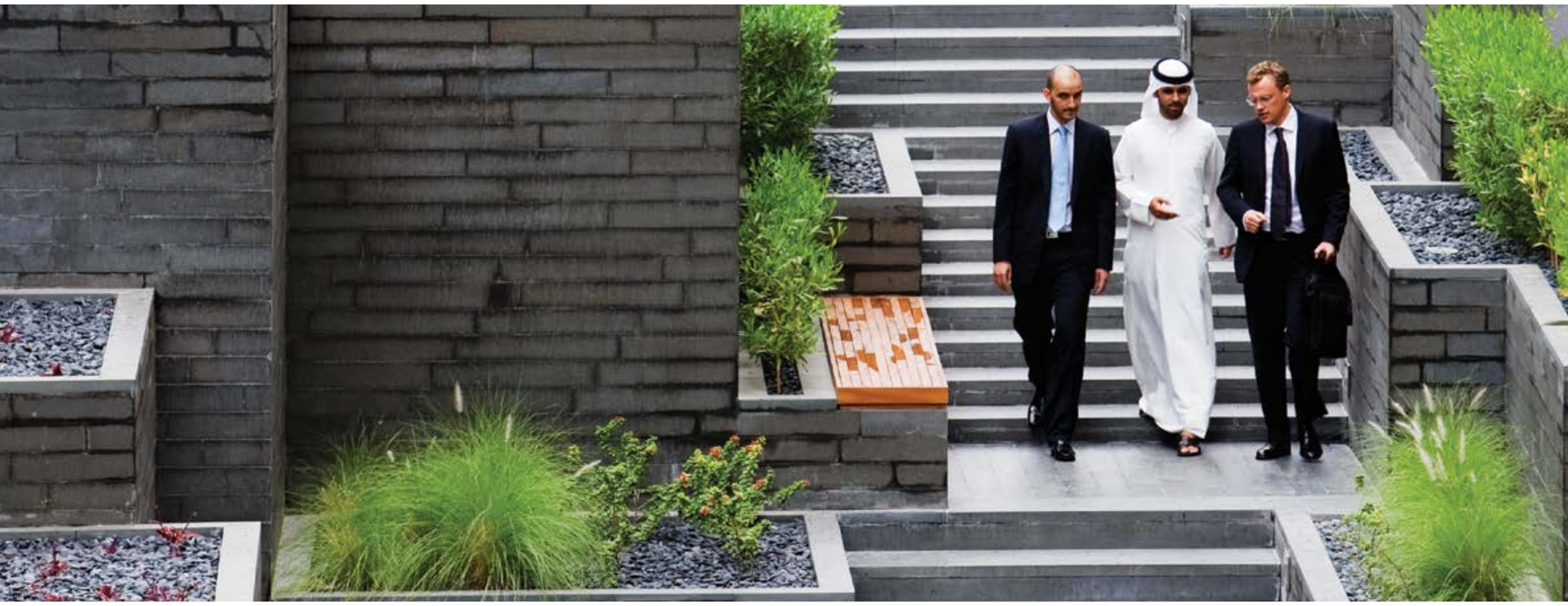
Through the programme, the DFSA also supports UAE Nationals to undertake master's degrees and professional certifications in areas such as compliance, AML, finance, banking and risk. In 2013, the current Associates enrolled in eight such certification classes. To the extent necessary, the educational aspect of the programme may be customised to accommodate an Associate's desired specialty.

The programme also gives TRL Associates and graduates the support of the DFSA's senior management in developing career goals and leadership skills. In 2013, this was expanded to quarterly meetings with the Chief Executive. The year also saw the DFSA Board re-emphasise its commitment to the programme by inviting selected Associates and graduates to attend each of the meetings of the Risk Committee and LegCo.

Graduates of the TRL Programme have moved into key positions within the DFSA. This is evidenced internally by promotions through the ranks to Senior Manager, and externally by having a graduate who serves as the DFSA representative on the National AML Committee and another who serves as the Liaison Officer between the DFSA and the SCA.

In September, three individuals successfully completed the TRL Programme and were promoted. A successful recruitment campaign resulted in five individuals from various universities joining the DFSA as the eighth cohort of Associates. UAE Nationals now comprise 34% of the DFSA's regulatory workforce.

2013 Divisional Initiatives



Policy and Legal Services

Policy Reviews

In the course of 2013, the Policy and Legal Services Division (P&L) commenced a number of significant initiatives.

Following a review of the current tribunal arrangements, the DFSA published Consultation Paper 90 in September, which was the first major public exposure of the project to revise the DFSA's tribunal arrangements. Among other changes, Consultation Paper 90 proposed that the DFSA's RAC should be abolished and its responsibilities to hear appeals against regulatory decisions to be assumed by the existing FMT. This would strengthen the independence of regulatory decision reviews by the DFSA. The tribunal project will continue into 2014, with a further consultation planned early in the year, which will address, among other things, responses to Consultation Paper 90.

P&L commenced work on a review of all the DFSA's supervisory and enforcement powers, including the processes through which those powers are exercised with a view to publishing proposals for enhancement in 2014.

A review of the DFSA's regime for the registration and oversight of Registered Auditors resulted in the December publication of Consultation Paper 91, which proposed a number of enhancements to the current regime. Although it is not common practice for a financial services regulator to carry out auditor regulation, the unique nature of the DIFC as a jurisdiction, including the absence of a professional audit body to carry out a regulatory role within the DIFC, means that it is prudent for the DFSA to carry out this role in a limited fashion, that is, in respect only of auditors of authorised firms, authorised market institutions, public limited companies and domestic funds.

In December, the DFSA also published Consultation Papers 92 and 93. Paper 92 proposed modifications to the DFSA's prudential reporting forms. The aim of the proposed changes is to revise prudential data reporting against the DFSA's overall risk-based supervision approach and ensure that the associated regulatory burden is consistent with the overall risk profile of financial services activities of an authorised firm.

Consultation Paper 93 proposed the introduction of a new type of exempt fund - Qualified Investor Exempt Funds. This type of fund, limited to 50 unit holders, would be available by private placement only to professional investors who make a minimum initial subscription of USD 1 million. In proposing these changes, the DFSA was responding to industry feedback on the current DFSA regime.

Work also commenced in 2013 on reviewing the DFSA's requirements for client take-on and classification; introducing a Code of Market Conduct; reviewing the Takeover Rules Module of the DFSA Rulebook; and reviewing the appropriateness and levels of fees charged by the DFSA.

Rulebook Initiatives Completed

During 2013, P&L completed two major initiatives. Firstly, significant enhancements were made to the DFSA's regime to combat money laundering and terrorism financing by the introduction of a replacement AML Module applicable to all types of firms in the DIFC. (The DFSA is the sole regulator in respect of AML/CTF compliance in the DIFC.) The DFSA's regime changes were necessary to comply with the newly revised FATF 40 Recommendations. These changes affect authorised firms and all DNFBPs and came into effect in July 2013.

Secondly, the AMI Module of the DFSA's Rulebook was substantially rewritten. The changes introduced for AMIs (exchanges, clearing houses and other market participants) were driven by standards developed internationally by IOSCO, which are now reflected in the DFSA framework. In addition, developments in the EU arising from the introduction of the European Market Infrastructure Regulation (EMIR) meant that the DFSA regime had to be amended so that AMIs based in the DIFC could continue to offer their services to firms based in the EU. The changes to the DFSA regime also came into effect in July 2013.

Other Work Undertaken

The core role of P&L is to develop and implement policy initiatives and to deliver in-house legal services relating to legal advice, legislative drafting and litigation. In relation to the latter, Legal Services undertook proceedings in the DIFC Courts (in conjunction with the Enforcement Division) to enforce compliance with the DFSA's powers to compel production of information for an investigation.

P&L continued to manage and develop the DFSA's framework for assessing regulatory risks, conducting exercises to update a risk inventory of significant (non-firm) risks and to establish the organisation's risk tolerance for firm-specific risks. P&L also ran the process for monitoring progress against the DFSA's 2013-2014 business plan and for developing the 2014-2015 business plan.

P&L continued to contribute to the development of international standards for financial services regulation, contributing to the activities of three committees of the IAIS and one committee of IOSCO. P&L staff were also active in the international regulatory community, speaking at or attending a number of seminars and training courses during the year.

Outreach Activities

In October 2013, P&L held an outreach session for external stakeholders, covering the changes to the AMI Module and the proposals in Consultation Paper 90 to revise the DFSA's tribunal arrangements. P&L also supported outreach sessions conducted by other Divisions of the DFSA, such as two sessions with DIFC-based legal practices. These sessions proved very effective in strengthening relationships between the DFSA and the legal community, explaining our regulatory framework, our most recent consultation papers and the Enforcement Division's approach to regulation.

Supervision

As at year-end 2013, the Supervision Division was responsible for supervising 325 authorised firms that provide a wide range of financial services including commercial, investment and private banking, investment brokerage, fund management and administration, reinsurance and insurance intermediation and various advisory services. As part of its wider duties in combating financial crime, the Division also monitored the operations and work flows of three CRAs, 17 registered auditors and 88 DNFBPs.

In the wake of the financial crisis, each of the major standard-setters for financial sector supervision and regulation revised their core principles, and each embarked on a wide range of regulatory reforms that are expected to be implemented by regulators across the globe with the underlying aim of promoting financial stability and resilience of the financial sector. These regulatory reforms are often very complex, and many have long sequencing time-frames involving high levels of co-ordination in their implementation. This has required considerable resource commitment in terms of policy development and implementation over the past two years. In addition to the changes emanating from the multi-lateral standard-setters, a trend of uni-lateral reach continues to emerge. This extra-territorial reach by certain countries seeking to set requirements for regulatory bodies outside the reform agenda of the major standard-setters also requires considerable time and effort to implement, usually with minimal benefit to our own jurisdiction.

In acknowledgement of all these developments, the Supervision Division introduced certain organisational changes in 2013 with the aim of improving efficiency and further refining the DFSA's risk-based supervision approach. This will ensure that the right level of resources is devoted to the greatest risk and avoiding unnecessary regulatory burden on areas of lesser risk. In essence, the DFSA has sought to embed a "twin peaks" supervisory approach within a unified structure.

The Division also commenced a major review of the regulatory reporting systems infrastructure to improve the efficiency and effectiveness of day-to-day monitoring of regulated entities. The review included an evaluation of the financial reporting data collection processes as well as the scope and depth of information collected to cover prudential and conduct related issues. The project has identified several improvement areas, including the streamlining of the data collection process and developing enhanced early warnings and indicators. Each of these improvements will help us to continue to refine our risk-based approach. Completion of the project is expected during the first half of 2014.

Authorisations

The number of applications for licensing increased for the second consecutive year, with the DFSA licensing 55 authorised firms in 2013 – 11% net growth. Despite the economic situation, the DFSA continued to receive applications from European-based firms. The number of representative offices has also continued to grow since the introduction of this category three years ago, with 41 now licensed.

Due to an increasing number of applicants and an increasing level of complexity in applications, the Division allocated additional resources to our authorisations team during the year. Consistent with the supervision policy, the team applies a risk-based approach to the licensing of applicant firms, and the DFSA will continue to refine this in 2014. However, the DFSA will retain a strong emphasis on key fundamental areas, including the analysis of applicants' business models and corporate governance structures, the fitness and propriety of senior management, and the controls that a firm has in place to comply with the laws and regulations of the DIFC and the DFSA. All of this must be balanced against the size, nature and complexity of an applicant's proposed business in the DIFC. The Division worked closely with other local, regional and global regulators in this area, as most applicants originate from other jurisdictions or have related activities there.

Risk Assessments

Risk assessments provide an overview of a firm's impact on the DFSA's objectives, as well as the individual risk components of a firm's operations, including areas of corporate governance, control functions, profitability and financial risks, market risks, operational risks, conduct of business risks and financial crime risks. The 111 on-site risk assessments of regulated entities in 2013 resulted in issuing 116 risk mitigation items across all firms.

Thematic Reviews

The Supervision Division uses thematic reviews to assess selected issues or emerging risks, particularly conduct-related items. This supplements our main risk assessment activity described earlier. During 2013, the team began two major thematic reviews: remuneration practices and trading room controls.

The remuneration review concluded that the mis-selling risks and other adverse behaviour arising from incentive schemes were not at elevated levels in the DIFC. However, several areas for improvement, covering governance and organisational structures, were identified and presented in the final report.

The first phase of the trading room controls review focused on the mapping of trading activities in the DIFC, setting the groundwork for a more detailed review of the activities in a select group of firms. The second phase of the review is due for completion in 2014.

The Supervision Division also undertook several minor thematic reviews, conducted without contacting external parties. These shorter-duration reviews included assessment of the impact of European sovereign debt exposures to DIFC-regulated entities and the impact of a period of rapidly rising short-term money market rates in China.

Registered Auditors

In May 2013, the DFSA released its Audit Monitoring Report, in which detailed key findings of our audit inspections from January 2008 to December 2012 were highlighted. This was the first public report issued on our monitoring programme of registered auditors in the DIFC, and identified a number of areas where auditors need to focus their attention and make further improvements to ensure audit quality. During 2013, the DFSA conducted 15 risk assessments of registered auditors in the DIFC.

Following the expansion of DFSA's regulatory remit in 2012 regarding auditors of publicly listed entities, the DFSA also initiated supervision of registered auditors. Importantly, the European Commission announced its decision to grant the DFSA's audit monitoring system equivalent status with EU member states.

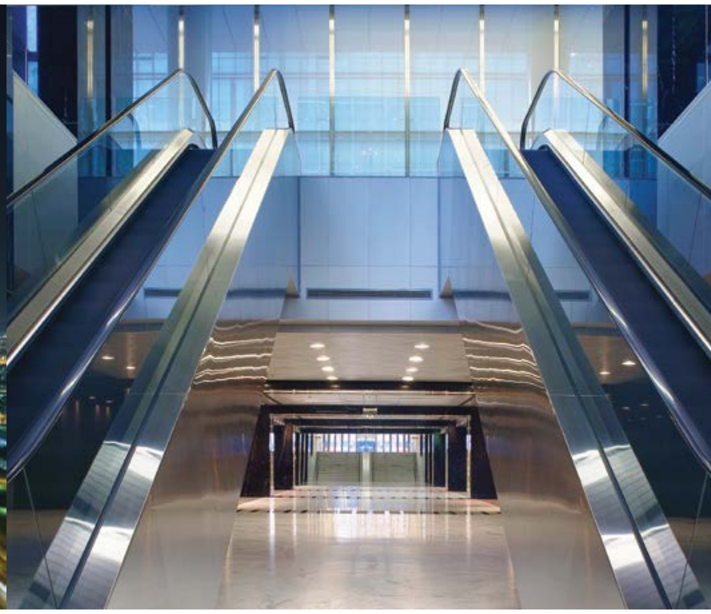
Credit Rating Agencies

During 2013, the DFSA completed its first round of supervision of CRAs, which were licensed by the DFSA in 2012 following implementation of a regime to regulate any CRAs operating in or from the DIFC. The DFSA noted that the CRAs have a positive approach to compliance matters and the overall systems and controls are satisfactory.

Outreach Activities

The Supervision Division hosted a number of outreach initiatives during 2013:

- A breakfast briefing on 'The Challenges of Emiratisation: Attracting Talent into the Finance Industry' was delivered in conjunction with the Institute of Chartered Accountants in England and Wales, Middle East;
- The fourth Annual Audit Outreach for Registered Auditors;
- A webinar presentation hosted by Thomson Reuters to discuss the revised DFSA AML Rulebook and risk-based approach to AML/CTF;
- An outreach session, including a guest speaker from Thomson Reuters, to discuss new Supervision Division processes and current issues with enforcement activity;
- A sanctions advisor at the US Department of Treasury's Office of Foreign Asset Control discussed current developments and recent enforcement actions; and
- Participation in the Compliance Officers Networking Group meeting to disseminate the results of the Remuneration Thematic Review.



Markets

Supervising Market Infrastructure

As part of its rolling review of its rulebook, the Division completed an overhaul of the AMI Module. The rules for market operators and clearing houses have now been aligned with the significant regulatory reform completed by IOSCO-CPSS and EMIR. In particular, rules with regards to corporate governance, clearing house and custody arrangements, price information providers and liquidity incentive schemes were introduced or amended. The resultant framework creates continuation of equivalence and access with overseas jurisdictions. In addition to amending internal processes, regulatory protocols have been executed by the DFSA with both NASDAQ Dubai and the DME. The protocols specify inter alia the respective operational responsibilities, and the grounds and detail required for referrals to the DFSA in respect of market abuse or contraventions of its rules by market participants.

In discharging the responsibility for the supervision of clearing houses, the Division completed a review of the DFSA regime and NASDAQ Dubai's central counter-party against the IOSCO-CPSS recommendations for financial market infrastructures. The DFSA has commenced the process of seeking recognition for its regulatory regime pursuant to the EU's regulation for central counterparties pursuant to EMIR.

Thematic reviews were conducted of member compliance controls at the AMIs. Regulatory announcement services and business rules amendments were approved for five requests.

The Division registered four and revoked four recognised members. No recognised bodies were registered or revoked.

Operating the Listing Authority

The Division regulates the offering and listing of securities in or from the DIFC and operates and maintains the DIFC's only Official List of Securities (the List) and in this capacity it is referred to as the Listing Authority.

The Listing Authority is tasked with the responsibility of admitting companies to the List, setting minimum standards for offerings and listings, company disclosures and takeovers and mergers, enforcing these standards and ensuring that they keep pace with international market developments. The Markets Division applies a risk-based approach to the review and approval of prospectus documentation to determine whether applicant companies are eligible for listing. The Listing Authority conducts a thorough analysis of each new applicant to ensure compliance with key eligibility and prospectus disclosure requirements.

Market conditions for security offerings and listings have been generally favourable although volatile throughout the year. The DIFC saw a significant increase in the number of new companies offering and listing their securities on NASDAQ Dubai. As at the end of 2013, the listings team processed 14 capital markets transactions with an aggregate market capitalisation of USD 8.3 billion, a significant increase on the USD 1.1 billion raised in 2012. A total of 10 sukuk, three bonds and one equity were admitted to the Official List of Securities in 2013. For the full list of issuers admitted to the Official List of Securities, see Appendix 7. The majority of these issuers are UAE institutions and national-based companies or companies with a GCC nexus.

A key driver to the significant increase in sukuk listings has been the support by UAE institutions and national companies for His Highness the Ruler of Dubai's Islamic Economy Initiative to make Dubai the global centre for Islamic finance.

The Markets Division monitors issuer disclosures and actively engages with them to ensure adequate, appropriate and timely disclosure. During the year the Division processed five de-listings, and in one instance suspended securities. A public database, which captures all disclosures made by listed DIFC issuers of securities, is available on the DFSA website.

Initiatives and Projects in 2013

The Markets Division has recently undertaken a comprehensive review of its listings regime to ensure there is greater clarity of the regime's structure and the responsibilities it imposes on listed companies. Investors should now be able to make more informed investment decisions, and issuing companies have appropriate flexibility over how they wish to raise capital. In this context, the changes have been designed to further align our rules and practices with international standards.

As a consequence, the Markets Division continues to update and improve its internal risk-based policies and procedures for listing transactions. In this regard, the Division agreed to undertake knowledge sharing visits to the market authorities in the UK and Luxembourg.

The Listing Authority experienced an increase in applications from firms wishing to act as sponsor to equity listing transactions. In January, guidance on the role and responsibilities of sponsor firms was published in anticipation of growing interest. Further outreach activities relating to the sponsor role are planned in 2014.

In July, a series of miscellaneous changes were made to the DFSA's Markets Rules to bring prospectus contents disclosure requirements more in line with international standards.

In December, the DFSA began a comprehensive review of the DFSA regimes for takeover and listing fees. Both projects are planned for completion in 2014.

Local, Regional and International Collaboration

The Division continued its outreach and collaborative efforts with the public, IOSCO and peer regulators. This resulted in 18 presentations in public forums and publications across the UAE and the GCC on a variety of topics. The Division is a member of the IOSCO Commodity Derivatives Committee 7 which has issued the principles for crude oil price reporting agencies. A meeting of the committee was hosted in Dubai early in the year.

As remote access is critically important to the interaction between the DIFC market participants, exchanges and clearing houses, strong relationships are needed with UAE and international regulators. This has resulted in joint-training initiatives with the SCA and international regulators.

ENFORCEMENT

Corporate Governance

Financial stability and the integrity of financial systems are influenced by many factors but none more than the competence of the governors who lead and manage financial institutions, the quality of risk management and compliance arrangements, and the effectiveness of systems and controls that monitor and mitigate risk.

A large percentage of enforcement actions taken by the DFSA, since inception, have arisen because of deficiencies in governance arrangements within these institutions.

In recognition of the impact of corporate governance on the integrity of the DIFC, and after accepting a delegation from the DIFC RoC to administer aspects of the DIFC Companies Law, the Enforcement Division together with the Supervision Division initiated a survey and review of corporate governance arrangements within financial services firms in the DIFC.

The corporate governance review was initiated to assess the characteristics, including strengths and weaknesses, of firms' corporate governance frameworks and was carried out in two phases:

- Firms were asked to complete a questionnaire describing the characteristics of their governance arrangements; and
- A sample of firms was reviewed to test responses.

The findings of the review will be communicated to all firms within the DIFC at the beginning of 2014. A report analysing the key characteristics and findings arising from the questionnaire will also be made public in 2014.

Investigations

The DFSA conducted 17 investigations in 2013, including one investigation carried over from 2011, six carried over from 2012 and 10 new investigations that began in 2013.

Enforcement Proceedings

On 31st October 2013, the DFSA commenced proceedings in the DIFC Courts against an authorised firm to enforce compliance with two legal notices requiring the production of information and documents.

Enforcement Outcomes

Six enforcement cases resulted in sanctions. The particulars of each sanction are disclosed on the DFSA website under DFSA Library/MediaReleases2013 and Public Register/RegulatoryActions.

Referrals to Enforcement

Where misconduct cannot be remedied by the DFSA's supervision divisions, the misconduct is referred to Enforcement to determine whether there are grounds to justify an investigation.

Enforcement received 19 such referrals during the year which resulted in 11 investigations.

Complaints Management

Allegations of misconduct, which are received from many sources but primarily from the public, represent important intelligence for the DFSA. The DFSA encourages the public to make complaints when they believe a DFSA administered law or rule has been contravened.

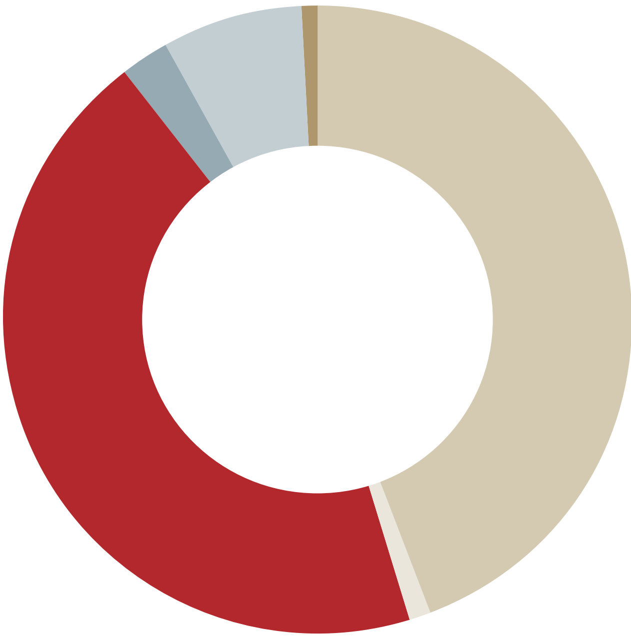
The DFSA's complaints management function also serves to promote investor confidence as it provides consumers with a forum through which their complaints can be addressed, and through which information about consumer scams can be monitored.

The DFSA assesses all complaints received and responds to all complaints within 24 hours. The DFSA received 169 complaints during 2013, 52 more than in 2012.

Not all complaints result in an investigation. A significant proportion of complaints received during 2013 related to conduct that fell outside the DFSA's jurisdiction. In such circumstances, complainants were redirected to the appropriate authorities.

The chart opposite shows the type of complaints received in 2013.

DFSA
2013 Complaints: Type of Complaints Received



1	Market Conduct
72	Financial Service/ Product/Distribution
2	Governance
72	Scam
4	Money Laundering
12	Other

International Assistance

The DFSA continues to collaborate with regional and international regulatory agencies providing reciprocal enforcement-related assistance.

The agencies that the DFSA worked with during 2013 include:

- DIFC Authority Registrar of Companies
- US Commodities Futures Trading Commission
- Guernsey Financial Services Commission
- US Securities and Exchange Commission
- UK Financial Services Authority
- Financial Market Authority (Austria)
- New York State Department of Financial Services
- Financial Markets Authority (New Zealand)
- Central Bank of the UAE
- Wiltshire Police (UK)
- Mauritius Financial Services Commission
- Australian Securities and Investments Commission
- UK Financial Conduct Authority
- Dubai Police.

Consumer Scams

The Enforcement team detected an increasing number of scams misusing the identity of:

- The DIFC, and/or its officers and employees;
- The DFSA, and/or its officers and employees; and
- DFSA authorised firms.

The DFSA issued 15 consumer alerts in 2013, an increase of 25% from 2012. In addition, the DFSA website contains warnings and guidance about the common types of scams perpetrated on consumers.

International Enforcement Conference and Outreach

In March, the Enforcement Division collaborated with the SCA and IOSCO to host an international enforcement conference in Dubai where 26 countries were represented. The event focused on the practical aspects of carrying out enforcement activities including the assessment of complaints, planning for and carrying out investigations, and conducting investigative interviews.

The Enforcement team contributed to the development and delivery of further workshops in international meetings, including an enforcement conference sponsored by the Asian Development Bank and hosted by the Securities and Exchange Commission of Thailand, and a conference hosted by IOSCO, in Madrid, as part of its Seminar Training Programme.

The team was also involved in the development of the domestic, regional and international regulatory framework through its outreach activities. During the year, the team conducted or contributed to seven international, four regional and eight domestic outreach programmes.


The Office of the General Counsel

Throughout 2013, the Office of General Counsel provided timely advice and support to the Board of Directors, its committees and the Executive regarding governance, statutory obligations, reporting, administrative procedures and risks that the DFSA might face.

The Office also managed the review and renewal of various permits and insurance policies and continued its ongoing reviews of ethical standards for employees and Board members. The General Counsel made presentations on ethical conduct and integrity, for in-house training and at international conferences.

Externally, the General Counsel worked with DIFCA, DIFC Courts and a variety of UAE and Dubai government officials regarding legislative and public policy issues that affect the DFSA's relationships and role as the independent regulator for the Centre. Subject matter ranged from questions of cross-border jurisdiction to creating legislative framework for the operation of international tax information exchange agreements.

TRL Programme

As Dean of the TRL Programme, the General Counsel continued a rolling review of the curriculum and educational materials to incorporate developments regarding legislation, rules and standards. The review also included updating of case studies used to illustrate actual and contemporary challenges faced by financial firms and regulators. The General Counsel also served as a mentor for Associates and as an instructor for the module on regulatory values and ethics.

International Relations/Board Secretariat

Regulatory Agreements

The willingness and ability to co-operate with fellow regulators and supervisors remains the key objective of International Relations. The DIFC Regulatory Law allows the DFSA to obtain information and to share it with supervisory and enforcement agencies. This ability is facilitated by a network of multi-lateral and bi-lateral agreements. International Relations is responsible for the negotiation and finalisation of such agreements and, to date, the DFSA has signed 91 bi-lateral MoUs and 4 multi-lateral MoUs.

In 2013, the DFSA extended its co-operative reach. The emergence of pan-European regulation of markets through the European Commission and ESMA and consequent requirements for equivalence in the areas of CRAs, audit oversight, and alternative investment fund managers have resulted in recognition of the DFSA's regime and the signing of a number of protocols. The following MoUs were completed in 2013:

- In February, the DFSA signed with ESMA to ensure effective co-operation on the joint supervision of the three CRAs licensed by ESMA and the DFSA;
- In August, the DFSA entered into 28 supervisory co-operation agreements with the EU and European Economic Area securities regulators to co-operate in the supervision of alternative investment fund managers operating between the DIFC and Europe. The regulators represented France, UK, Netherlands, Ireland, Portugal, Spain, Italy, Luxembourg, Cyprus, Sweden, Finland, Denmark, Norway, Iceland, Liechtenstein, Hungary, Malta, Lithuania, Greece, Belgium, Bulgaria, Poland, Estonia, Latvia, Czech Republic, Romania, Austria and Slovenia;
- In September, the DFSA signed with Banque du Liban (BDL), the Central Bank of Lebanon, in contemplation of an application by a number of Lebanese banks to operate in and from the DIFC; and
- In December, the DFSA signed with Banca d'Italia (Bank of Italy) and the Commissione Nazionale Per Le Società E La Borsa (Italian Securities and Exchange Commission).

Regulatory Co-operation

During the year, the DFSA provided responses to 88 requests for regulatory information and assistance from fellow regulators and made 56 such requests to other regulators. The table below explains this in more detail:

Requests for Regulatory Information in 2013	
Bahrain	1
Bosnia and Herzegovina	1
British Virgin Islands	1
Cayman Islands	1
Gilbraltar	4
Hong Kong	2
India	2
Ireland	1
Jersey	2
Labuan	1
Luxembourg	4
Malta	7
Morocco	1
The Netherlands	1
Poland	1
Qatar	37
Singapore	17
South Africa	1
UK	3
Total for 2013:	88
DFSA average response time:	6 Working Days

Regional Relations

Co-operation and interaction with the DFSA's federal counterparts and with regulators and supervisors in the Middle East region remained a priority throughout 2013. The DFSA continued to meet regularly with the CBUAE and SCA to discuss issues in common. At an operational officer level, there were also periodic meetings throughout the year between the three regulators and with the Insurance Authority of the UAE.

The DFSA participated in meetings of the National AML Committee and maintained its membership of the Arab Union of Securities Authorities.

The DFSA participated in the work of its regional IOSCO forum, AMERC, and in February, the DFSA hosted the 30th AMERC meeting, in Dubai. The DFSA attended the subsequent meeting in Luxembourg, in September.

Operations and HR

2013 saw a significant investment in the on-going further education of DFSA staff, with 14 employees concluding their studies for the International Compliance Associate Diploma in Compliance while a further 13 began studies towards a Diploma in Financial Crime Prevention.

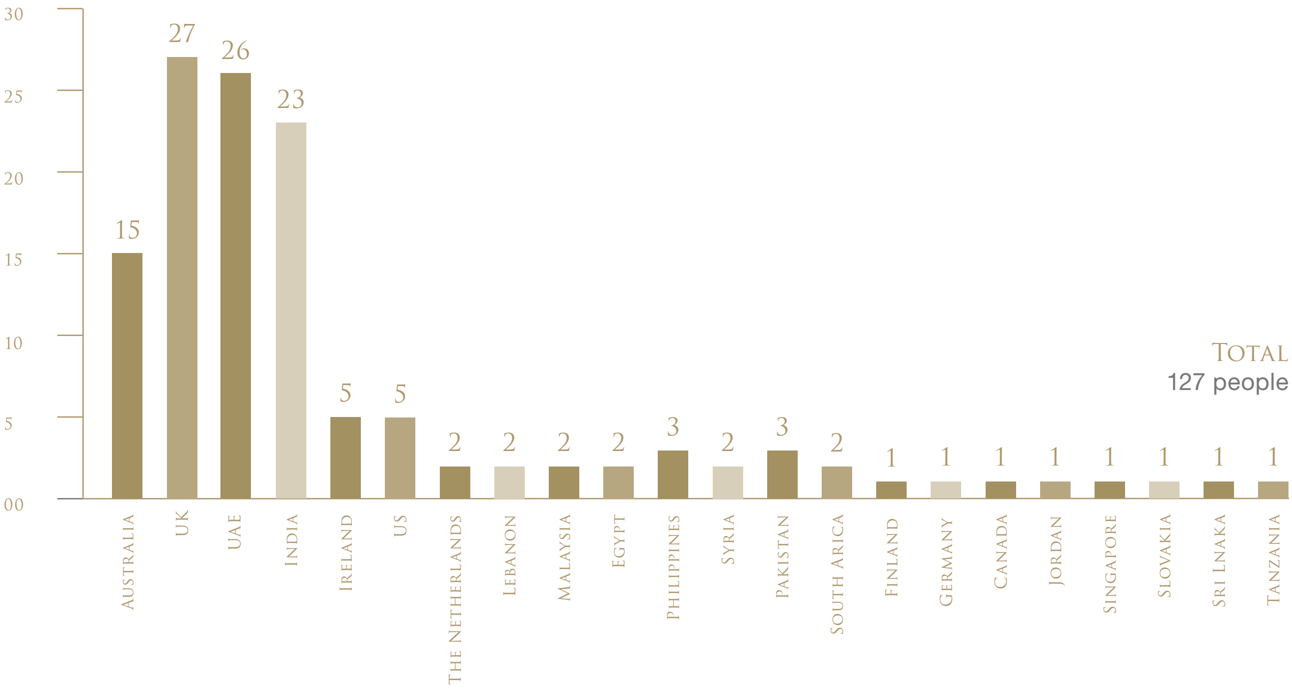
The DFSA has 10 more staff undertaking further education in the form of an MBA or MSc in finance and regulation, IT or HR, or professional qualifications such as Islamic finance, auditing and accounting, and actuarial studies. These studies are in addition to the off-the-job training of staff which has averaged 5.8 days per employee in 2013.

An emphasis on employee development has included conducting a comprehensive review of all members of the senior management. This culminated in the launch of the Senior Leadership Programme which will continue throughout 2014.

The Department also conducted a second employee engagement survey to assess employee perceptions and engagement. The survey indicates high levels of engagement and strong support for management initiatives and direction, and areas identified for improvement are being addressed through action programmes.

Employee turnover has increased in 2013 to 12.6%. While it is disappointing to note this increase, is important to highlight that half of those ending their employment during 2013 were for personal/family reasons. This is not untypical of organisations with a large expatriate workforce.

DFSA Staff
Numbers and Nationalities



Finance

During 2013, a review of the DFSA's Finance Policies Manual, Operational Authority Matrix, and associated processes was carried out, leading to an upgrade of accounting and payroll systems. These exercises further assisted the Finance Department in improving operational efficiencies, reducing transactions processing time and establishing tighter internal controls.

In 2013, the DFSA controlled its expenditure within approved budget and received clean audit opinions from the external and internal auditors in a timely manner.

IT

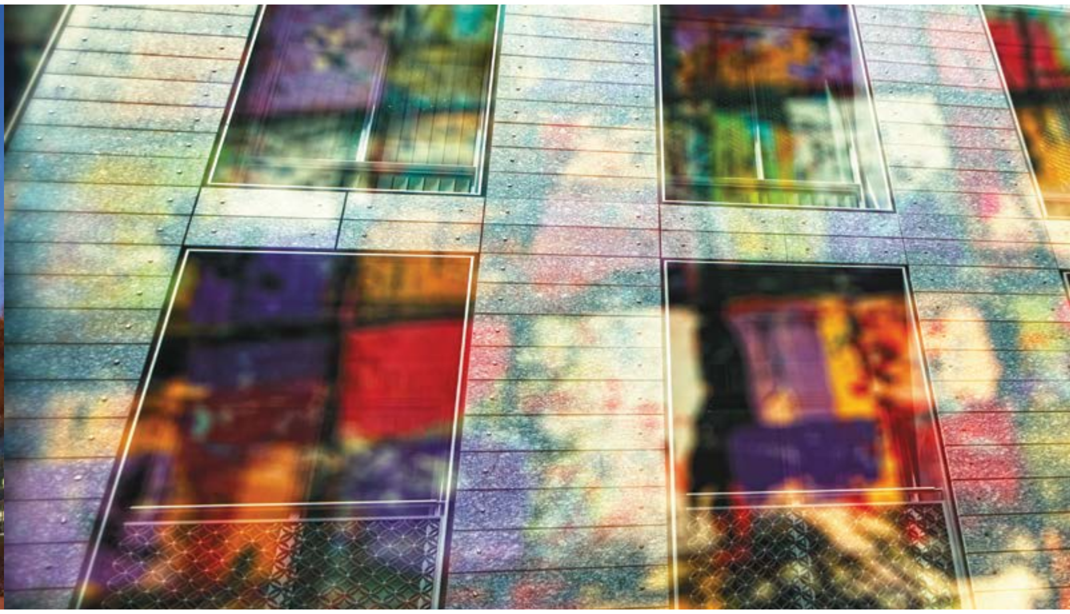
The IT Department continued to improve the security and robustness of all internal and external systems, infrastructure and the IT governance framework.

In 2013, numerous projects of varying size and complexity were successfully implemented and delivered. The IT team operates on a semi-centralised model with core system knowledge being retained in-house and extensive outsourcing used on most larger-scale implementations.

Highlights included: enhancements to the core regulatory system, upgraded analytical capabilities of the Electronic Prudential Reporting System, and improved capability in digital forensics, achieved by the introduction of a new specialist system.

IT security continued to be of high importance with various initiatives including infrastructure improvements introduced to strengthen the security of internal and external networks. The team continues to ensure that it benchmarks itself against international technology best practices and IT governance standards and that these are adopted and applied.

Extensive external network penetration testing was conducted by an independent third party. This was the eighth time for such an exercise to be performed and will continue to be repeated annually.



Corporate Affairs

The Projects and Planning Department and the Corporate Communications Department changed their reporting lines from the Chief Operating Officer to the Director, Corporate Affairs early in 2013.

The Business Excellence and Stakeholder Management functions were created and the Corporate Affairs Division was formed. A new operating model was developed and the Division's strategy was enhanced to better support the realisation of the DFSA's vision.

The year's principal goal for the Stakeholder Management function was to broaden and deepen DFSA's relationships with its local and regional counterparts, particularly in the UAE. Strengthening communication and co-operation with various UAE authorities, regulators and government entities was seen as paramount in ensuring effective performance.

Projects and Planning continued to see significant demand for project management assistance, supporting 10 projects across regulatory and operational divisions and ensuring delivery of the audit programme. The planning and delivery of numerous international events hosted by the DFSA was also undertaken by the Division.

Process improvement initiatives were carried out with regulatory and operational units throughout the year and support was provided to divisions in conducting surveys of key stakeholders both internally and externally.

Engagement and co-operation with local and international media outlets continued to be a priority for the Corporate Communications team throughout the year. Effective delivery of key messages, internally and externally, ensures that the DFSA delivers on its values of transparency and accessibility. Providing timely responses to media enquiries, facilitating professional media management, and maintaining strong dialogue with DFSA's stakeholders was successfully managed in 2013.

Managing media engagement for the Chief Executive and other members of staff continued throughout the year, where, each month the DFSA was visible in local and international selected media. Targeted media engagement through article contributions for business magazines and regulatory journals, television appearances, submitting chapters for various books, media release distribution and participating in webinars and conferences all contributed to reaching the corporate communication goals for the year. A total of 34 media releases were distributed in English and Arabic, receiving excellent international coverage.

The Division also issued 15 consumer alerts, three notices of amendments to legislation, and six notices of consultation paper release.

The delivery of a daily market intelligence report continued to provide staff with information on economic data and social, political and market trends.

Publications produced in 2013 included:

- 2013-2014 Business Plan, in English and Arabic;
- 2012 Annual Report, in English and Arabic;
- Regulating DNFBPs, in English;
- The DFSA in Action, Volume 10, September 2013, in English and Arabic;
- DFSA's Audit Monitoring Programme – Public Report 2008-2012, in English and Arabic;
- DFSA's Remuneration Thematic Review – Key Findings 2013, in English and Arabic;
- The DFSA's Markets Brief fourth edition (The DFSA Sponsor Regime), in English and Arabic; and
- The DFSA's Markets Brief fifth edition (Update to Markets Brief 2 – The Listing Debt in the DIFC), in English and Arabic.

Appendices

Dubai Financial Services Authority

Independent Auditor's Report to the Board of Dubai Financial Services Authority

Report on the financial statements

We have audited the accompanying financial statements of Dubai Financial Services Authority (DFSA) which comprise the balance sheet as at 31st December 2013 and the statement of the financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting polices set out on pages 6 to 9 of the financial statements, and for such internal control as management determines is necessary to enable the preparation of financia statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement f the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the accounting policies set out on pages 71 to 72 of the financial statements.

PricewaterhouseCoopers

Dubai, United Arab Emirates
12th February 2014

Dubai Financial Services Authority Balance Sheet

(for the year ended 31st December 2013)

		2013	2013	2012	2012
	Notes	AED'000	USD'000	AED'000	USD'000
Assets					
Non-Current Assets					
Property and equipment	3	4,030	1,098	3,170	864
Intangible assets	4	3,505	956	3,116	850
		7,535	2,054	6,286	1,714
Current Assets					
Prepayments and receivables	5	16,590	4,521	12,375	3,373
Cash and bank balances	6	67,044	18,269	55,192	15,040
		83,634	22,790	67,567	18,413
Total assets		91,169	24,844	73,853	20,127
Equity					
Contributed Capital And Reserves					
Contributed capital		5,755	1,570	5,755	1,570
Regulatory reserve	2.5	46,847	12,766	38,118	10,388
Litigation reserve	2.6, 9	1,293	352	1,009	274
Total equity		53,895	14,688	44,882	12,232
Liabilities					
Current Liabilities					
Fee income received in advance	2.3	29,390	8,008	23,921	6,518
Creditors, accruals and other liabilities	8	7,884	2,148	5,050	1,377
		37,274	10,156	28,971	7,895
Total liabilities		37,274	10,156	28,971	7,895
Total equity and liabilities		91,169	24,844	73,853	20,127

These financial statements were approved for issue by the Board of Directors on 12th February 2014

Signed on behalf of the DFSA Board

The notes on pages 73 to 80 form an integral part of these financial statements

Dubai Financial Services Authority
Statement of financial performance
(for the year ended 31st December 2013)

		2013	2013	2012	2012
	Notes	AED'000	USD'000	AED'000	USD'000
Appropriations from the Government	2.4	117,440	32,000	117,440	32,000
Fee income	2.3	38,005	10,356	35,958	9,798
Other income	10	594	162	2,505	682
Total income		156,039	42,518	155,903	42,480
General and administration expenses	11	(134,288)	(36,589)	(130,195)	(35,473)
Board of Directors' remuneration and expenses	13	(12,205)	(3,326)	(12,953)	(3,531)
Financial Markets Tribunal and Regulatory Appeals Committee expenses		(533)	(147)	(1,097)	(299)
Total expenses		(147,026)	(40,062)	(144,245)	(39,303)
Surplus for the year		9,013	2,456	11,658	3,177

The notes on pages 73 to 80 form an integral part of these financial statements

Dubai Financial Services Authority Statement of Changes in Equity

	Contributed Capital		Regulatory Reserve		Litigation Reserve		Accumulated Surplus		Total	
	AED'000	USD'000	AED'000	USD'000	AED'000	USD'000	AED'000	USD'000	USD'000	USD'000
At 1st January 2012	5,755	1,570	27,469	7,485	-	-	-	-	33,224	9,055
Surplus for the year	-	-	-		-		11,658	3,177	11,658	3,177
Transfer to litigation reserve	-	-	-	-	1,009	274	(1,009)	(274)	-	-
Transfer to regulatory reserve	-	-	10,649	2,903	-	-	(10,649)	(2,903)	-	-
At 31st December 2012	5,755	1,570	38,118	10,388	1,009	274	-	-	44,882	12,232
Surplus for the year		-					9,013	2,456	9,013	2,456
Transfer to litigation reserve (Notes 2.6,9)		-	-	-	284	78	(284)	(78)	-	-
Transfer to regulatory reserve (Notes 2.5)	-	-	8,729	2,378	-	-	(8,729)	(2,378)	0	(0)
At 31st December 2013	5,755	1,570	46,847	12,766	1,293	352	(0)	-	53,895	14,688

The notes on pages 73 to 80 form an integral part of these financial statements

Dubai Financial Services Authority
Cash Flow Statement
(for the year ended 31st December 2013)

	Notes	2013 AED'000	2013 USD'000	2012 AED'000	2012 USD'000
Operating activities					
Surplus for the year		9,013	2,456	11,658	3,177
Adjustments for the following items:					
Depreciation	3	1,846	503	1,637	446
Amortisation	4	1,771	483	1,795	489
Loss/(Profit) on disposal/write off of property and equipment		7	3	(59)	(16)
Charge for employees' end of service benefits	7	4,699	1,281	4,938	1,346
Interest income		(310)	(84)	(299)	(82)
Operating cash flows before payment of employees' end of service benefits, payment of amount payable to Government of Dubai and movements in working capital		17,026	4,642	19,670	5,360
Payment of end of service benefits to employees left	7	-	-	(1,907)	(520)
Payment in relation to end of service benefits on behalf of continuing employees	7	(4,699)	(1,281)	(17,714)	(4,827)
Amount paid to Government of Dubai from fines collected				(910)	(248)
Changes in working capital:					
Prepayments and receivables, net of interest receivable		(4,213)	(1,148)	(505)	(139)
Fee income received in advance		5,469	1,490	(72)	(20)
Creditors, accruals and other liabilities, net of amount payable to Government of Dubai	8	2,834	771	(400)	(107)
Net cash generated from/(used in) operating activities		16,417	4,474	(1,838)	(501)
Investing activities					
Purchase of property and equipment and intangible assets	3, 4	(4,874)	(1,328)	(3,502)	(955)
Proceeds from sale of property and equipment		2	1	61	17
Decrease in balances held in employees' end of service benefits bank accounts	6	-	-	14,683	4,001
Decrease/(increase) in fixed deposit accounts with original maturity of more than three months	6	5,600	1,526	(5,600)	(1,526)
Interest received		307	82	332	91
Net cash generated from investing activities		1,035	281	5,974	1,628
Net increase in cash and cash equivalents		17,452	4,755	4,136	1,127
Cash and cash equivalents, beginning of the year	6	49,592	13,514	45,456	12,387
Cash and cash equivalents, end of the year	6	67,044	18,269	49,592	13,514

The notes on pages 73 to 80 form an integral part of these financial statements

Dubai Financial Services Authority Notes to the Financial Statements (for the year ended 31st December 2013)

1 Legal status and activities

The Dubai Financial Services Authority ("DFSA"), was established by Dubai Law No (9) of 2004 as an independent regulatory authority responsible for the regulation of financial and related activities at the Dubai International Financial Centre ("DIFC"). In accordance with Dubai Law No. (9) of 2004, the DFSA is and will continue to be independently funded by the Government of Dubai ("Government") to enable it to exercise its powers and perform its functions.

2 Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention.

2.2 Foreign currency translation

The functional currency of the DFSA, being the currency in which the majority of its transactions are denominated, is the Arab Emirates Dirham (AED).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

For presentation purposes only, these financial statements have also been translated into US Dollars at the fixed rate of exchange of US Dollar 1 = AED 3.67.

2.3 Fee income

Application fees are recognised as income when invoiced. Annual fees are recognised as income over the period to which they relate. Fee income received in respect of the following year is treated as fee income received in advance and reflected under current liabilities.

2.4 Funds received from and remitted to Government

Funds received from Government for meeting budgeted operational expenditure for the year are recognised in the statement of financial performance as appropriations from Government.

Funds received from Government for meeting budgeted operational expenditure for the following year are treated as funds received in advance under current liabilities and are appropriated in the financial statements of the following year.

Funds remitted to Government are recognized as an appropriation from accumulated surplus or as a reduction in contributed capital, as appropriate, in the year in which the appropriation is approved by the Board of Directors of the DFSA.

2.5 Regulatory reserve

The regulatory reserve has been set up to meet contingencies arising from the discharge of DFSA's regulatory responsibilities. Transfers from the regulatory reserve to the accumulated surplus/deficit are made to meet contingencies in the year in which these arise. The directors do not consider this reserve to be distributable and amounts appropriated to and from it are at the discretion of the directors.

2.6 Fines, litigation cost recoveries and litigation reserve

Fines levied by the DFSA in connection with breaches of regulations in the DIFC together with litigation cost recoveries are recognised on an accrual basis. Income from fines and litigation cost recoveries are credited to the statement of financial performance and transferred to the accumulated surplus or deficit. However as this income is not considered to have been earned in the normal course of business, it is appropriated, net of litigation costs, to the litigation reserve (Note 9).

The directors do not consider the litigation reserve to be distributable but transfers from it to the accumulated surplus or deficit are made to match unforeseen litigation costs, not covered by fines and litigation cost recoveries, in the year in which these arise.

2 Significant accounting policies (continued)

2.7 Employee benefits

Provision is made for the estimated liability for annual leave costs as a result of services rendered by eligible employees up to the balance sheet date. This provision is included in employee related accruals in creditors, accruals and other liabilities.

Provision is made for the full amount of end of service benefits due to non-UAE Nationals, in accordance with the Employment Law – DIFC Law No. (4) of 2005 (as amended by DIFC Law No. 3 of 2012), for their periods of service up to the balance sheet date. An amount equivalent to the provision made is remitted to the DFSA EOSG Trust (Note 7). End of service benefit distributions to eligible employees are made by the trustee as directed by the DFSA.

Pension contributions in respect of UAE Nationals under a defined contribution scheme are recognised as an expense in the period to which they relate.

2.8 Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual values over their expected useful lives as follows:

	Years
Leasehold improvements	5
Fixtures and fittings	3
Office equipment	3
Computer equipment	3
Motor Vehicles	3

Capital work-in-progress, comprising both tangible and intangible assets, is stated at cost and transferred to the appropriate asset category when it is brought into use.

Gains and losses on disposal of property and equipment are determined by comparing the sales proceeds to the carrying amounts of the assets disposed of and are taken into account in determining the surplus/deficit for the year. Repairs and renewals are charged to the statement of financial performance when the expense is incurred.

2.9 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and are amortised over their expected useful lives of 3 years.

2.10 Fees, fines and litigation costs receivable

Fees, fines and litigation costs receivables are carried at anticipated realisable value. Specific provision is made for fees, fines and litigation costs receivable that are considered doubtful for recovery. Bad debts are written off during the period in which they are identified.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances in current and call accounts with bank, and fixed deposit accounts with original maturity of less than three months or equal to three months.

2.12 Provisions

Provisions are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present legal or constructive obligation arising as a result of past events and a reliable estimate of the amount of the obligation can be made.

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2013)

3 Property and Equipment	Leasehold improvement	Fixtures and fittings	Office equipment	Computer equipment	Capital work in Progress	Total
In AED'000						
Cost						
At 1st January 2013	14,006	4,107	870	12,345	4	31,332
Additions	575	291	-	561	1,288	2,715
Transfer from capital work in progress	-	-	-	1,079	(1,079)	-
Disposals/write off	-	(22)	(192)	(1,073)	-	(1,286)
At 31st December 2013	14,581	4,376	678	12,912	213	32,760
Depreciation						
At 1st January 2013	13,724	4,030	734	9,674	-	28,162
Charge for the year	145	95	62	1,545	-	1,846
Disposals/write off	-	(22)	(188)	(1,067)	-	(1,278)
At 31st December 2013	13,869	4,103	607	10,151	-	28,730
Net book amounts						
At 31st December 2013	712	273	71	2,761	213	4,030
At 31st December 2012	282	77	136	2,671	4	3,170
In USD'000						
Cost						
At 1st January 2013	3,816	1,119	237	3,364	1	8,537
Additions	157	79	-	153	351	740
Transfer from capital work in progress	-	-	-	294	(294)	-
Disposals/write off	-	(6)	(52)	(292)	-	(351)
At 31st December 2013	3,973	1,192	185	3,518	58	8,926
Depreciation						
At 1st January 2013	3,740	1,098	200	2,636	-	7,674
Charge for the year	39	26	17	421	-	503
Disposals/write off	-	(6)	(51)	(291)	-	(348)
At 31st December 2013	3,779	1,118	165	2,766	-	7,828
Net book amounts						
At 31st December 2013	194	74	19	752	58	1,098
At 31st December 2012	77	21	37	728	1	864

The Capital work in Progress has been segregated between Property and Equipment and Intangibles.
The opening cost as at 1st January 2013 has been restated accordingly.

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2013 – Continued)

4 Intangible Assets						
	In AED'000			In USD'000		
	Software	Capital work in Progress	Total	Software	Capital work in Progress	Total
Cost						
At 1st January 2013	11,535	244	11,779	3,144	66	3,210
Additions	194	1,966	2,160	53	536	589
Transfer from capital work in progress	943	(943)	-	257	(257)	-
Disposals/write off	-	-	-	-	-	-
At 31st December 2013	12,672	1,267	13,939	3,454	345	3,799
Depreciation						
At 1st January 2013	8,663	-	8,663	2,360	-	2,360
Charge for the year	1,771	-	1,771	483	-	483
Disposals/write off	-	-	-	-	-	-
At 31st December 2013	10,434	-	10,434	2,843	-	2,843
Net book amounts						
31st December 2013	2,238	1,267	3,505	611	345	956
At 31st December 2012	2,872	244	3,116	783	66	850

Intangible assets represent software.

5 Prepayments and Receivables				
	2013	2013	2012	2012
	AED'000	USD'000	AED'000	USD'000
Prepayments	16,109	4,389	12,116	3,302
Staff advances	266	73	101	27
Other receivables	215	59	158	44
	16,590	4,521	12,375	3,373

Dubai Financial Services Authority Notes to the Financial Statements

(for the year ended 31st December 2013 – Continued)

6 Cash and Bank Balances				
	2013	2013	2012	2012
	AED'000	USD'000	AED'000	USD'000
Cash in hand	18	5	19	6
Current accounts	43,318	11,804	21,273	5,797
Fixed deposits accounts	23,708	4,521	12,375	3,373
Total cash and bank balances	67,044	18,269	55,192	15,040
Less: Fixed deposit accounts with original maturity of more than three months	-	-	(5,600)	(1,526)
Cash and Cash equivalents	67,044	18,269	49,592	13,514

All bank balances are held with a bank licensed in the United Arab Emirates. The interest rate on fixed deposit accounts was in the range of 0.07% to 0.55% per annum for the year ended 31st December 2013 (2012: 0.34% to 0.54%).

7 Provision for Employees End of Service Benefits				
	2013	2013	2012	2012
	AED'000	USD'000	AED'000	USD'000
At the beginning of the year	-	-	14,683	4,001
Provision made during the year (see below)	4,699	1,281	4,938	1,346
Payments to employees during the year	-	-	(1,907)	(520)
Payments to the trust	(4,699)	(1,281)	(17,714)	(4,827)
At the end of the year	-	-	-	-
a) The provision made during the year is charged as follows:				
	2013	2013	2012	2012
	AED'000	USD'000	AED'000	USD'000
Staff costs (Note 12)	4,638	1,264	4,855	1,323
Other Board expenses	61	17	83	23
	4,699	1,281	4,938	1,346

b) During the year ended 31st December 2012, DFSA established a Dubai Financial Services Authority End of Service Gratuity Trust ("the Trust") under the laws of the Island of Jersey, to provide end of service benefits to DFSA's employees. DFSA remits to the Trust amounts equivalent to the end of service benefit provision at regular intervals. Monies remitted to the Trust are placed in a separate bank account in Jersey on behalf of DFSA's employees. The trustee makes end of service benefits distributions to eligible employees as directed by the DFSA. As at 31st December 2013, the amount kept under the Trust is AED 19,344,185 (USD 5,270,895) and in 2012 AED 17,713,885 (USD 4,821,376).

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2013 – Continued)

8 Creditors, Accruals and Other Liabilities				
	2013	2013	2012	2012
	AED'000	USD'000	AED'000	USD'000
Trade creditors	2,369	646	2,037	556
Employee related accruals	3,824	1,041	1,887	514
Other accruals	1,691	461	1,126	307
	7,884	2,148	5,050	1,377

9 Appropriation to Litigation Reserve				
	Year Ended 31st December 2013		Year Ended 31st December 2012	
	AED'000	USD'000	AED'000	USD'000
Fines levied and litigation cost recoveries (Note 10)	284	78	2,132	580
Less: Litigation costs incurred	-	-	(1,123)	(306)
Amount appropriated to litigation reserve	284	78	1,009	274

Litigation costs incurred are included in legal, consultancy and professional fees under general and administration expenses (Note 11).

10 Other Income				
	Year Ended 31st December 2013		Year Ended 31st December 2012	
	AED'000	USD'000	AED'000	USD'000
Fines levied and litigation cost recoveries	284	78	2,132	580
Interest on fixed deposits	310	84	299	82
Profit on sale of Motor Vehicles	-	-	59	16
Others	-	-	15	4
	594	162	2,505	682

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2013 – Continued)

11 General and Administration Expenses				
	Year Ended 31st December 2013		Year Ended 31st December 2013	
	AED'000	USD'000	AED'000	USD'000
Staff costs (Note 12)	107,825	29,381	103,633	28,238
Office rent	6,061	1,651	6,024	1,641
Regulatory travel, conferences, seminars and training	3,845	1,047	3,659	997
Communication and IT systems and equipment maintenance	3,579	975	3,391	924
Legal, consultancy and professional fees	2,144	584	2,609	710
Amortisation	1,771	483	1,795	489
Depreciation	1,846	503	1,637	446
Recruitment costs	1,075	291	1,312	357
Marketing expenses	717	195	779	212
Vehicle lease and maintenance	181	49	226	62
Software licensing and maintenance	2,484	677	2,601	709
Loss on sale of fixed assets	7	3	-	-
Other expenses	2,753	750	2,529	689
	134,288	36,589	130,195	35,474

Professional indemnity insurance costs have been reclassified from the Board of Directors' other expenses to the General and administration other expenses. Comparative figures for the year ended 31st December 2012 have been restated accordingly.

12 Staff Costs				
	Year Ended 31st December 2013		Year Ended 31st December 2012	
	AED'000	USD'000	AED'000	USD'000
Salaries	59,447	16,198	58,686	15,990
Other benefits	43,740	11,919	40,092	10,925
Employees' end of service benefits (Note 7)	4,638	1,264	4,855	1,323
	107,825	29,381	103,633	28,238

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2013 – Continued)

13 Board of Directors' Remunration and Expenses				
	2013	2013	2012	2012
	AED'000	USD'000	AED'000	USD'000
Retainer fees	5,297	1,443	5,276	1,438
Attendance fees	2,318	632	2,587	705
Travelling	2,196	599	2,343	639
Other expenses	2,394	652	2,747	749
	12,205	3,326	12,953	3,531

Professional indemnity insurance costs have been reclassified from the Board of Directors' other expenses to the General and administration other expenses. Comparative figures for the year ended 31st December 2012 have been restated accordingly.

14 Operating Lease Commitments				
The lease commitments under non-cancellable operating leases are as follows:				
	2013	2013	2012	2012
	AED'000	USD'000	AED'000	USD'000
Not later than 1 year	4,666	1,271	6,001	1,635
Later than 1 year and no later than 5 years	-	-	-	-
	4,666	1,271	6,001	1,635

BOARD AND SENIOR OFFICERS REMUNERATION DISCLOSURE

DISCLOSURE OF REMUNERATION:

The following table sets forth the total remuneration received or due and receivable for the fiscal year ended 31st December, 2013 and 31st December, 2012 by the Board and Senior Officers of the DFSA.

REMUNERATION OF THE CHAIRMAN AND NON-EXECUTIVE BOARD MEMBERS:

REMUNERATION BANDS	2013 BOARD MEMBERS	2012 BOARD MEMBERS
AMOUNTS IN USD		
$50,001 to $100,000	1	0
$100,001 to $200,000	6	5
$200,001 to $250,000	3	5
> $250,001	1	1
	11	11
	2013(USD)	2012(USD)
The aggregate amount of remuneration of non-Executive members of the Board shown above:	2,354,648	2,469,269

Notes:

(1) Remuneration is pro-rated based on actual duration of service during the year.

(2) Remuneration of non-Executive Board members is comprised primarily of an annual retainer plus meeting attendance fees (for meetings of the full Board and its committees). Travel allowances are also paid. Board retainer fees during 2013 were USD 93,207 (Chairman's retainer fee was USD 440,000 per annum). Board meeting attendance fees were USD 6,779 per meeting (Chairman's meeting attendance fee was USD 15,000 per meeting).

(3) Committee membership fees during 2013 were USD 6,779 per committee (committee Chairman fee was USD 13,557). Committee meeting attendance fees were USD 2,711 per meeting.

(4) The Chairman of the DFSA does not receive fees for membership of committees or for attendance at committee meetings. The Chief Executive of the DFSA does not receive fees for membership of the Board or its committees or for attendance at Board meetings or committee meetings. Other members of the Executive who serve as members of Board committees or attend Board meetings also do not receive fees for such membership or attendance.

REMUNERATION OF THE CHIEF EXECUTIVE AND SENIOR OFFICERS:

REMUNERATION BANDS	2013 EXECUTIVES	2012 EXECUTIVES
AMOUNTS IN USD		
$100,001 to $200,000	0	2
$200,001 to $300,000	1	1
$300,001 to $400,000	5	2
$400,001 to $900,000	13	12
> $900,000	1	2
	20	19
	2013(USD)	2012(USD)
The aggregate amount of remuneration of Executives shown above:	10,049,390	10,025,014
EXECUTIVES REMUNERATION INCLUDED IN THE ABOVE COMPRISED:		
Salaries and performance bonuses	7,129,701	2012(USD)
Other emoluments and benefits	2,919,689	2,888,758

Notes:

(1) Salaries and bonuses are pro-rated based on actual duration of service during the year.

(2) Other emoluments and benefits include housing allowance, flight allowance, education allowance, premium paid for medical and life insurance and end of service accrual for the year 2013.

AUTHORISED FIRMS LICENSED IN 2013

AUTHORISED FIRMS LICENSED IN 2013
A
ADIB TRUST SERVICES (DIFC) LIMITED
Agricultural Bank of China
Alpen Asset Advisors Limited
Arbuthnot Latham & Company Limited
Ark Capital Management (Dubai) Limited
Arzan Wealth (DIFC) Limited
Asia Capital Reinsurance Group Pte Ltd
B
B&F Partners Limited
Bank of Baroda
Bank of London and The Middle East plc
Berenson MENA Ltd.
Brim AB
C
Carnegie Asset Management Fondsmaeglerselskab A/S
China Construction Bank (Dubai) Limited
Clements (Dubai) Limited
D
Delta Partners Capital Limited
Delta Partners Corporate Finance Limited
Deutsche Kapital Limited
E
Emirates Retakaful Limited
Exotix Partners LLP (Dubai Branch)
F
Fortress (Dubai) Transportation & Infrastructure Advisors Ltd.
G
GCM Partners Limited
GroupMed Reinsurance Brokers Limited
I
ICAP Energy Limited (DIFC Branch)
ICD-Brookfield Management Limited
IFX (UK) Limited
Industrial and Commercial Bank of China Limited
J
J. Safra Sarasin Asset Management Middle East Limited
Jadara Capital Partners Limited
K
Klay Capital Limited
L
La Cloche Wealth Management (Dubai) Ltd
Lagoon Capital Partners Limited
LGT (Middle East) Ltd.
LGT Capital Partners (Dubai) Limited
M
Mercury Capital Advisors LLP
Mora Banc Grup S.A.
Morningstar Investment Management Europe Limited
Motion Re (Underwriting Agency) Limited
N
Napier Park Global Capital Ltd
NBF Capital Limited
New Horizon Capital Management Limited
O
Oaktree Capital Management (Dubai) Limited
Och-Ziff Management Europe Limited
P
Protorisk (DIFC) Ltd
PVM Oil Associates Ltd
Q
Qatar Capital Ltd
Que Capital Limited
R
Religare Capital Markets (Hong Kong) Limited
S
Sidra Capital (DIFC) Limited
T
Tsesnabank Joint Stock Company
Tullett Prebon (Dubai) Limited
U
Unicapita Advisory Co. Limited
Union Bank of India
V
Varengold Bank AG
Vy Capital Management Company Limited

Refer to the DFSA website for the full public register of all authorised firms.

DNFBPs Registered in 2013

DNFBPs Registered in 2013
CCL Limited
Kane LPI Solutions (MENA) Limited
Matson, Driscoll & Damico (Dubai) Ltd
Stephenson Harwood Middle East LLP
Total Solutions Middle East Limited

Refer to the DFSA website for the full public register of all DNFBPs.

AUDITORS REGISTERED IN 2013

AUDITORS REGISTERED IN 2013
KPI Ahli Chartered Accountants

Refer to the DFSA website for the full public register of all registered auditors.

Members of Authorised Market Institutions Recognised in 2013

Members Of Authorised Market Institutions Recognised In 2013
Emirates Islamic Financial Brokerage LLC (UAE)
Noor Islamic Bank PJSC (UAE)
Emirates NBD PJSC (UAE)
RBS Securities Inc. (US)

Refer to the DFSA website for the full public register of all authorised market institutions.

New Listings in 2013

Issuer	Sector	Security	Listing Venue[4]	Amount Raised (USD m)
RAK Capital	Government	Sukuk	ND	500
BLME Holdings Plc	Financial Services	Shares	ND	0
DEWA Sukuk 2013 Ltd	Utilities	Sukuk	ND	1,000
Medjool Ltd (Emirates Airlines)	Travel and Leisure	Sukuk	ND	1,000
Emirates NBD PJSC	Financial Services	Euro Medium-term Note	ND + Lux SE	750
DIB Tier 1 Sukuk Ltd	Financial Services	Sukuk – Perpetual Securities	ND + ISE	1,000
SIP Sukuk Company III Ltd	Financial Services	Sukuk	ND + ISE	500
EmiratesNBD Tier 1 Ltd	Financial Services	Perpetual Securities	ND + Lux SE	1,000
MAF Sukuk Ltd	Retail	Sukuk	ND + ISE	400
MAF Global Securities	Retail	Global Medium-term Note	ND + ISE	500
EIB Sukuk Company Ltd (2017)	Financial Services	Sukuk	ND + LSE	500
EIB Sukuk Company Ltd (2018)	Financial Services	Sukuk	ND + LSE	500
Emaar Sukuk Ltd	Property Developer	Sukuk	ND + LSE	500
GEMS MEA Sukuk Ltd	Education Service Provider	Sukuk	ND + ISE	200

Listing venues: ND = NASDAQ Dubai; LSE = London Stock Exchange; ISE = Irish Stock Exchange; Lux SE = Luxembourg Stock Exchange.
Refer to the DFSA website for all listings.

DFSA Administered Laws and Rules in 2013

DFSA Laws

His Highness Sheikh Mohammed Bin Rashid Al Maktoum, in his capacity as Ruler of Dubai, enacted the DIFC Laws Amendment Law DIFC Law No 2 of 2013 which amended the Regulatory Law 2004 and the Markets Law 2012.

These amendments made enhancements to the DFSA's AML regime following a review of that regime to align it more closely with the latest revised FATF recommendations and repealed the Ancillary Service Provider regime (a consequence of the revised AML Regime). Other amendments were to the Markets Law to expand the exclusions from the definition of a reporting entity to include a person making an exempt offer.

DFSA Rules

Amendments to the DFSA's Rulebook and Sourcebook were:

- Notice of Amendment dated 13th June 2013 and rulemaking instruments 117- 128:

  These amendments made significant enhancements to the DFSA's regime to combat money-laundering and terrorism financing by the introduction of a replacement AML Module applicable to all types of firms in the DIFC. The DFSA's regime is now in line with the FATF's revised recommendations, which set the international standards in this area.

  These amendments also substantially rewrote the AMI Module of the DFSA's Rulebook. The changes introduced for AMIs (exchanges, clearing houses, and other market participants) were driven by standards developed internationally by IOSCO, which are now reflected in the DFSA framework. Developments in the EU – arising from the introduction of EMIR – meant that the DFSA regime needed to be amended so that AMIs based in the DIFC could continue to offer their services to firms based in the EU. The changes to the DFSA regime came into effect in July.

  Rulemaking instrument 129 repealed the Ancillary Service Providers (ASP) Module and the Designated Non-Financial Business and Professions (DNF) Module.

Refer to the DFSA website for all DFSA administered laws and rules.

Memoranda of Understanding Signed in 2013

Bi-Lateral	
UK	Financial Conduct Authority
Lebanon	Banque du Liban
Italy	Bank of Italy
Italy	Commissione Nazionale per le Società e la Borsa
Bi-lateral MoUs completed with European regulators under the Alternative Investment Fund Managers and Directives:	
Austria	Finanzmarktaufsicht
Belgium	Financial Services and Markets Authority
Bulgaria	Financial Supervision Commission
Cyprus	Securities and Exchange Commission
Czech Republic	National Bank
Denmark	Finanstilsynet
Estonia	Financial Supervision Authority
Finland	Finanssivalvonta
France	Autorité des Marchés Financiers
Greece	Hellenic Capital Market Commission
Hungary	Pénzügyi Szervezetek Állami Felügyelete
Iceland	Fjármálaeftirlitið
Italy	Commissione Nazionale per le Società e la Borsa
Ireland	Central Bank
Latvia	Finanšu un Kapitāla Tirgus Komisija
Liechtenstein	Finanzmarktaufsicht
Lithuania	Bank of Lithuania
Luxembourg	Commission de Surveillance du Secteur Financier
Malta	Financial Services Authority
Norway	Finanstilsynet
Poland	Financial Supervision Authority
Portugal	Comissão do Mercado de Valores Mobiliários
Romania	Financial Supervisory Authority
Slovak Republic	Narodna Banka Slovenska
Spain	Comisión Nacional del Mercado de Valores
Sweden	Finansinspektionen
The Netherlands	Autoriteit Financiële Markten
UK	Financial Conduct Authority

Refer to the DFSA website for a full list of all Memoranda of Understanding signed by the DFSA.

GLOSSARY

GLOSSARY	
A	
AAOIFI	Accounting and Auditing Organisation for Islamic Financial Institutions
AMERC	Africa and Middle East Regional Committee
AMI	Authorised market institution
AML	Anti-money laundering
ASIC	Australian Securities and Investments Commission
B	
BCBS	Basel Committee for Banking Supervision
BCG	Basel Consultative Group
C	
CBUAE	Central Bank of the United Arab Emirates
CEO	Chief Executive Officer
ComFrame	Common Framework
CRAs	Credit rating agencies
CTF	Counter-terrorist financing
D	
DFSA	Dubai Financial Services Authority
DIFC	Dubai International Financial Centre
DIFCA	Dubai International Financial Centre Authority
DME	Dubai Mercantile Exchange
DNFBP	Designated non-financial businesses and professions
E	
EMIR	European Market Infrastructure Regulation
ESMA	European Securities and Markets Authority
EU	European Union
F	
FATF	Financial Action Task Force
FDIC	Federal Deposit Insurance Corporation
FMT	Financial Markets Tribunal
G	
GCC	Gulf Co-operation Council
GEM	Growth and Emerging Markets Committee
H	
HK SFC	Hong Kong Securities and Futures Commission
HR	Human Resources
I	
IAIG	Internationally Active Insurance Group
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IFSB	Islamic Financial Services Board
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPO	Initial public offering
IOSCO	International Organisation of Securities Commissions
IT	Information Technology
L	
LegCo	Legislative Committee
M	
MENA	Middle East and North Africa
MoU	Memoranda of understanding
N	
NY Fed	Federal Reserve Bank of New York
O	
OCC	Office of the Comptroller of the Currency
OECD	Organisation for Economic Co-operation and Development
OTC	Over-the-counter
P	
P&L	Policy and Legal Services Division
R	
RAC	Regulatory Appeals Committee
RemCo	Remuneration Committee
RoC	Registrar of Companies
S	
SCA	Emirates Securities and Commodities Authority
SSB	Shari'a Supervisory Board
T	
TRL	Tomorrow's Regulatory Leaders
U	
UAE	United Arab Emirates
UK	United Kingdom
UK FSA	United Kingdom Financial Services Authority
US	United States

Dubai Financial Services Authority

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