Dubai Financial Services Authority

Annual Report | 2014

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 11th Annual Report and covers the financial year ended 31st December 2014.

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

2014 Overview

The following information summarises 2014 activities and statistics.

Supervision

- 53 firms authorised in 2014
- 360 firms authorised in total (including 3 Credit Reporting Agencies (CRAs))
- 482 individuals authorised in 2014
- 1,612 individuals authorised in total
- 8 designated non-financial businesses and professions (DNFBPs) registered in 2014
- 84 DNFBPs registered in total
- 2 auditors registered in 2014
- 17 auditors registered in total
- 87 risk assessments of authorised firms (AFs) conducted in 2014
- 10 risk assessments of registered auditors (RAs) conducted in 2014
- 16 licence variations granted in 2014
- 100 applications received in 2014 (82 AFs, 16 DNFBPs, 2 RAs)
- 88 days to decide applications on average in 2014 (AFs only)

Policy And Legal Services

- 1 law enacted by His Highness the Ruler of Dubai in 2014
- 19 rule-making instruments made by the Board in 2014
- 104 waivers and modifications granted in 2014

Enforcement

- 175 complaints received in 2014
- 178 complaints finalised in 2014 (3 that were carried over from 2013)
- 6 investigations commenced in 2014
- 9 investigations carried through to 2014 from previous years
- 4 investigations concluded in 2014
- 11 investigations carried through to 2015

Markets

- 10 recognised member applications reviewed in 2014
- 8 recognised member applications approved in 2014
- 1 recognised body application received in 2014
- 64 recognised members in total
- 991 disclosure notifications related to listed entities made in 2014
- 26 issuers admitted to the Official List of Securities (List) in 2014

International Relations

- 2 bi-lateral memoranda of understanding (MoUs) entered into in 2014
- 91 bi-lateral MoUs entered into in total
- 78 regulatory requests made by the DFSA to fellow regulators in 2014
- 69 regulatory requests received from fellow regulators to the DFSA in 2014
- 32 local and international delegations received by the DFSA in 2014

Human Resources

- 137 employees as at 31st December 2014
- 84 regulatory staff, 35% of whom are United Arab Emirates (UAE) Nationals
- 6.1 days off-the-job training received per employee on average in 2014
- 7 employees completed further education studies in 2014
- 3.8% employee turnover in 2014
- 25 UAE Nationals completed the Tomorrow's Regulatory Leaders (TRL) Programme since its inception in 2006

Corporate Affairs

- 24 publications issued in 2014
- 6 consultation papers issued in 2014
- 18 consumer alerts issued in 2014
- 4 business units underwent process improvement activities in 2014
- 5 internal audits conducted, 4 by external parties and 1 conducted by Projects and Planning in 2014

Statement by the Chairman

Saeb Eigner
CHAIRMAN

2014 was a landmark year for both the UAE and the DIFC. We celebrated with pride the tenth anniversary of the accession of His Highness Sheikh Khalifa bin Zayed bin Sultan al Nahyan as President of the UAE. Under his leadership, the UAE has maintained its standing as a dynamic, economically and politically stable and culturally rich nation. 2014 also marked the tenth anniversary of both the DIFC and the DFSA.

The DIFC is the Vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai. When the Centre opened for business in 2004, His Highness spoke of it as:

"A bridge for financial services between our region and the international markets 24 hours a day, 7 days a week, so that this region will have a presence on the map of international business and market networks."

Today, the DIFC is an important global financial hub connecting Middle Eastern, African and South Asian markets with each other and with the economies of Europe, the rest of Asia and the Americas. Under the leadership of His Highness Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum, Deputy Ruler of Dubai and President of the DIFC, the DIFC is now the region's leading financial centre, contributing significantly to the growth of Dubai and of the wider UAE. Many leading financial institutions from Europe, Asia and North America, as well as many firms from this region, have well-established operations here. The DIFC is now home to more than 1,100 active registered companies, including 360 firms licenced to provide financial services, with a combined workforce of over 17,000 people.

Commenting on the tenth anniversary, the DIFC Governor, His Excellency Essa Kazim, said: "The DIFC has grown to become a city within a city, with a constantly evolving independent legal and regulatory framework on a par with those of New York, London and Singapore. Combined with a world-class infrastructure, which includes some of the region's top retail and leisure destinations, the DIFC has become a place where people choose to work, live and socialise."

TEN YEARS SINCE ESTABLISHMENT OF THE DFSA

One of the cornerstones of the Vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum was a respected and effective regulator, being a key factor in establishing the credibility of the Centre and attracting international market participants. On September 13th, 2004, His Highness enacted the Dubai Law that created the DFSA as an independent regulatory body. In the ten years since then much has been achieved. I would like to mention just a few of many milestones which we have passed along the way.

By December of 2004, the drafting of our initial Rulebook was completed, eight firms had been granted licenses to operate and we were accepted as a full member of the International Association of Insurance Supervisors (IAIS). At that time, 'The Gate' building was still a construction site and we had fewer than forty employees.

From the start, we attached high priority to establishing the credentials of the DFSA in the international regulatory community. It was essential for us to achieve quickly a reputation for conformance with international regulatory standards, as set by bodies such as the Basel Committee on Banking Supervision (BCBS), the International Organisation of Securities Commissions (IOSCO), the IAIS and the Islamic Financial Services Board (IFSB). We have consistently sought to play an active part in the work of these international bodies.

It was also important for us to establish the means for ensuring effective co-operation with fellow regulators in other jurisdictions. In mid-2005, we had two bi-lateral memoranda of understanding (MoU) in place. Today, we have 91 such agreements with regulators from every continent.

The appointment as Chief Executive in 2005 of Mr David Knott, former Executive Chairman of the Australian Securities and Investments Commission (ASIC), was an important step in the DFSA's development. In 2006, the Tomorrow's Regulatory Leaders (TRL) Programme was launched, which is our initiative to equip young UAE Nationals to become leaders in the financial sector, specifically in the area of financial regulation. Now in its eighth year, the TRL Programme has transformed the employment landscape for UAE Nationals in the field of financial services regulation. Emiratis have now superseded all other nationalities to become our largest employee pool, representing approximately 35% of regulatory staff.

By October of 2006, our 100th firm was authorised, we had become a member of IOSCO and the first regulator in the Gulf Co-operation Council (GCC) to sign an MMoU with IOSCO. We also authorised the Dubai International Financial Exchange (which became NASDAQ Dubai) to open for business. The Dubai Mercantile Exchange (DME) followed in 2007.

In 2007, the DFSA's regulatory framework and performance were subject to an assessment from an expert team from the IMF and the World Bank under their Financial Sector Assessment Programme (FSAP) for the UAE. The DFSA was rated as "Fully Implemented" against 27 out of 29 IOSCO principles and "broadly implemented" against the other two. These ratings compare very favourably with those of regulators in many leading international financial centres. Such assessments are made public and are relied upon by market participants and regulatory authorities from other markets across the globe to assess the reliability and integrity of a market.

In September 2009, the DFSA was invited by the Chairman of the Basel Committee on Banking Supervision (BCBS) to join the Committee's Basel Consultative Group (BCG), the BCBS's main body for co-operation with a wider group of jurisdictions, and in September 2012 the DFSA became co-chair of the Group.

Following the global economic crisis, the DIFC managed to avoid the shrinkage suffered by many other financial centres. Since 2011, there has been rapid growth not only in the number of firms in the DIFC but also in the volume of business they are conducting.

In that short period of time, we have seen a greater than fifty percent increase in the number of regulated firms, an almost two hundred fifty percent increase in assets under management, and an increase in their collective balance sheet of over three hundred percent.

There has also been a marked increase in participation by firms from Asia. Following the conclusion by the DFSA of MOUs with the banking regulators in China and India, the four leading Chinese banks and 8 leading Indian banks have established substantial operations in the Centre.

In 2013, the DFSA took charge of regulating anti-money laundering (AML) across the DIFC (including unregulated entities) and brought into force an enhanced AML regime incorporating the latest Financial Action Task Force (FATF) Recommendations. The DFSA also took over responsibility for investigating and taking enforcement action in relation to material breaches of the DIFC Companies Law.

In the same year, the European Commission granted DFSA's audit monitoring system equivalent status with European member states and we signed an MoU with the European Securities and Markets Authority (ESMA).

Mature Regulatory Framework

The initial legislative framework and Rulebook were drafted by DFSA staff with extensive involvement by Board members. Building on this foundation, over the last ten years the laws and regulations governing financial services activity in the DIFC have been steadily developed by the DFSA in line with international standards. Much of this work has been designed to create a sound framework for an expanding range of financial services and products to be provided in and from the DIFC. At the same time, we have needed to keep pace with the increasingly complex requirements of the international standard-setting bodies and the extensive regulatory changes which followed the global financial crisis of 2008-12, as well as adapting our rules in the light of feedback from market participants as we progressed.

Being a new jurisdiction gave us the luxury of being able to create our regulations from scratch, selecting the best elements from various international regimes. This helped us to structure a framework that meets high international standards while being user-friendly for firms operating in the DIFC. We have consistently sought to keep our Rulebook as simple and easy to navigate as reasonably possible.

The introduction of the collective investment law in 2006 completed the regulatory framework for the wholesale financial marketplace. Subsequent amendments removed certain regulations applicable to management of professional investors' funds, with the effect of making the DIFC more attractive to both fund managers and participants in the funds industry. In 2008, a retail regime was added to our primarily wholesale marketplace. In that year, we also introduced a Hedge Fund Code of Practice, the first of its kind to be issued by any regulator.

An important part of our regulatory framework is our bespoke legislation regulating Islamic financial business, in place since 2004 and revamped in 2010. This provides the foundation for the DFSA's strong support for the Dubai Islamic Economy Initiative and His Highness the Ruler's goal of positioning Dubai as the global centre of Islamic finance. The DFSA has built an experienced team with advanced qualifications in Islamic finance.

In 2012, we also implemented a regulatory regime for credit rating agencies (CRAs), made substantial changes to our Markets Law and introduced the Representative Office regime, a light-touch set of rules for certain marketing activities.

Following some further additions and adaptations in 2014 (mentioned below), I believe our framework of legislation and rules is now well developed, tested by practical experience, less complex than the rules in many other jurisdictions and at the same time sufficiently rigorous to meet exacting international standards.

Highlights Of 2014

The highlights of 2014 include the launching in March of Bawabaty, a new initiative designed to help strengthen the knowledge economy and thus Dubai's competitiveness, in line with the Vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum. Bawabaty, meaning 'My Gateway', is a platform to raise awareness about financial services in our community, especially among our youth. Our initiative will introduce UAE Nationals to matters such as business ethics and financial literacy.

In August, following proposals from the DFSA, His Highness the Ruler of Dubai enacted significant enhancements to the Regulatory Law which, among other things, strengthened our supervisory and enforcement powers, whilst ensuring that there exists a robust but simplified appeal system. The role of the Financial Markets Tribunal (FMT) was significantly expanded and it took over the handling of all appeals against DFSA regulatory decisions, including those previously heard by the former Regulatory Appeals Committee. Our Collective Investment Law 2010 was also amended last year to allow the creation of a new category of fund called a Qualified Investor Fund (QIF).

In December, we were privileged to host a delegation of 40 government, financial, and business leaders from Hong Kong, led by The Honourable John Tsang, GBM, Financial Secretary of the Hong Kong Government. The delegation was welcomed by His Excellency Essa Kazim, colleagues from the DIFC Authority and DFSA Boards, and prominent members of the UAE government and business community. This visit followed the listing on NASDAQ Dubai of a USD 1 billion Hong Kong government sukuk, the first such issue worldwide by a AAA government.

The growth and accomplishments of the past decade were celebrated in October of last year with a memorable commemorative evening. It was a pleasure to see all of the DFSA Board members in attendance, as well as over 250 current and former employees.

Ten Years Of Service

The DFSA Board of Directors comprises ten individuals (including the CEO), who are leading industry, legal and regulatory experts drawn from major international financial jurisdictions. Five of my colleagues have served the DFSA with dedication for a decade. My warm thanks go to The Honourable Apurv Bagri, Dr J Andrew Spindler, Mr Robert Owen, Mr Robert L Clarke and Lord Currie of Marylebone. I also joined the DFSA ten years ago. My tenure as a Board Member and latterly Chairman has been both a privilege and a pleasure. I have been deeply impressed by the diligence and collegiality of my present and past Board colleagues, including our two former Chairmen, and the professionalism of DFSA staff.

Looking Forward

Dubai's strategic location and connections to many of the world's fastest-growing economies allow the DIFC to play a material role in the global shift in capital flows from developed to emerging markets. The Centre will continue to grow and innovate, targeting new geographies to meet the needs of a steadily expanding and more diverse client base. The DFSA will continue to be a firm but fair and user-friendly regulator, focusing on re-aligning and further developing our regulatory system to meet the future needs of market participants, as well as responding and adapting to emerging risks in the global economy.

UAE Vision 2021

The UAE's Vision for 2021 was launched in 2010 by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai. The aim is, by the Golden Jubilee of the Union, to make the UAE one of the best countries worldwide in which to live and work. The DFSA published its 2015/2016 Business Plan in January 2015, setting out the ways in which we will play our part in realising this Vision. We will continue to foster an environment in which businesses can grow and prosper within a legal and regulatory framework whose cornerstones are trust and transparency.

The DFSA's success is the product of an accumulation of actions by many people. Our regulatory regime has been tested by time and by the very substantial volumes of business now being conducted in the DIFC. I believe it has stood up well to these tests. We remain vigilant, receptive, consistent and committed. The quality of the DFSA's legislative framework and the expertise of the Board, together with the knowledge and experience of the staff, give me confidence that the next ten years will further cement Dubai and the UAE as a major international financial centre.

Saeb Eigner
Chairman

Statement by the Chief Executive

Ian Johnston

CHIEF EXECUTIVE

As our chairman has stated in his remarks, in 2014 the DIFC and the DFSA turned 10 years old. A great deal has been achieved in the past 10 years and I am indebted to our staff and Board members, past and present, for their work in making the DFSA the robust and, I believe, respected regulator it is today.

While we marked the significance of our 10 year anniversary in 2014, our main focus was of course continuing to develop, apply and enforce regulation of financial services in the DIFC. As for developing our regulation, there were some significant reviews of our regulatory requirements, though overall we were true to our Business Plan promise of continuing to allow the Rulebook to 'bed down', only making changes that were truly merited. One of the most significant changes, consulted on in the second half of 2014, was a review of our client take-on provisions. The changes, to be effected in the first quarter of 2015, aim to make these provisions more flexible, recognising the business models of firms and particularly those with an international base.

One of the pleasing things about that consultation is that it involved a large number of firms and advisors. It was possibly the most involved consultation we have undertaken – reflecting the importance of the subject.

A development in our consultation process is that we have now, on a number of occasions, engaged in pre-consultation meetings or expert groups. These discussions help to shape our early considerations and drafting, even before we reach the formal consultation phase. You can expect us to do this more often. By slowing the pace of Rulebook review, we have more time for pre-consultative discussions and indeed post-consultation feedback.

In applying our regulation, 2014 saw some important initiatives. Last year was the first full year of our Themed Supervision approach for firms and activities that we believe are in the lower risk category. Our approach is to manage the supervision of this group of firms by a team, rather than by a firm by firm approach and a dedicated Relationship Manager. The type of activity undertaken by a firm, its size and its impact on the DFSA's objectives determine whether the firm is supervised in the 'pool' or continues to be relationship managed.

Themed Supervision is part of our commitment to continue down the path of risk-based regulation. That is, ensuring our rules, our attention and our resources are directed to the issues, activities and business models that pose the greatest risk to our statutory objectives. Our experience in 2014 was that Themed Supervision worked well. Feedback has in the main been very positive, though we acknowledge that some firms regret the absence of a dedicated Relationship Manager. We have tried to ensure that the Themed Supervision Team is able to communicate as appropriate with firms in the pool. And we will continue to work on this.

As will be the case in any year, 2014 saw a range of matters where the DFSA had to use its powers in enforcing our regulation. Contraventions of DIFC laws and DFSA rules will, where appropriate, result in enforcement action. In 2014, we saw a range of investigations resulting in referrals to a DFSA Decision Maker. We also took one matter to the DIFC Court to enforce compliance with DFSA requirements.

We know that investors, firms and Government wish to see the integrity of the DIFC upheld and we are dedicated to maintaining the DIFC's reputation as a well-regulated financial centre.

Away from our regulatory focus, we continued to ensure the DFSA was well placed within the global regulatory community. Our efforts were to ensure that global regulatory standards, which continue to be developed and advanced, take account of financial centres such as the DIFC.

Without providing an exhaustive list, we had meetings with our counterpart regulators from India, China, the UK, Hong Kong, Saudi Arabia, the European Union, the US and a number of others.

We also further developed relationships with regulators of other countries – particularly where those countries are important 'home' jurisdictions of our firms, or where they are important markets for DIFC firms.

I am pleased that in 2014, we deepened our relationships with the Central Bank of the UAE, the Securities and Commodities Authority and the Insurance Authority. The DFSA continues to work with these bodies in a mutually supportive manner.

As you read this statement, our 2015-2016 Business Plan has been published. It is available on our website in English and in Arabic and explains our regulatory focus for the next two years.

I would like to close this Statement by expressing my sincere thanks to my staff and to the Board and Committee Members of the DFSA. A great deal was achieved in 2014 and I look forward to a productive 2015.

Ian Johnston
Chief Executive


DUBAI FINANCIAL

WHO WE ARE

The DFSA

The DFSA is the independent regulator of financial services conducted in or from the DIFC, a purpose-built financial free zone in Dubai, 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 anti-money laundering (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 International Association of Insurance Supervisors (IAIS), the Islamic Financial Services Board (IFSB) and the International Organisation of Securities Commissions (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 the DFSA and its employees 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.

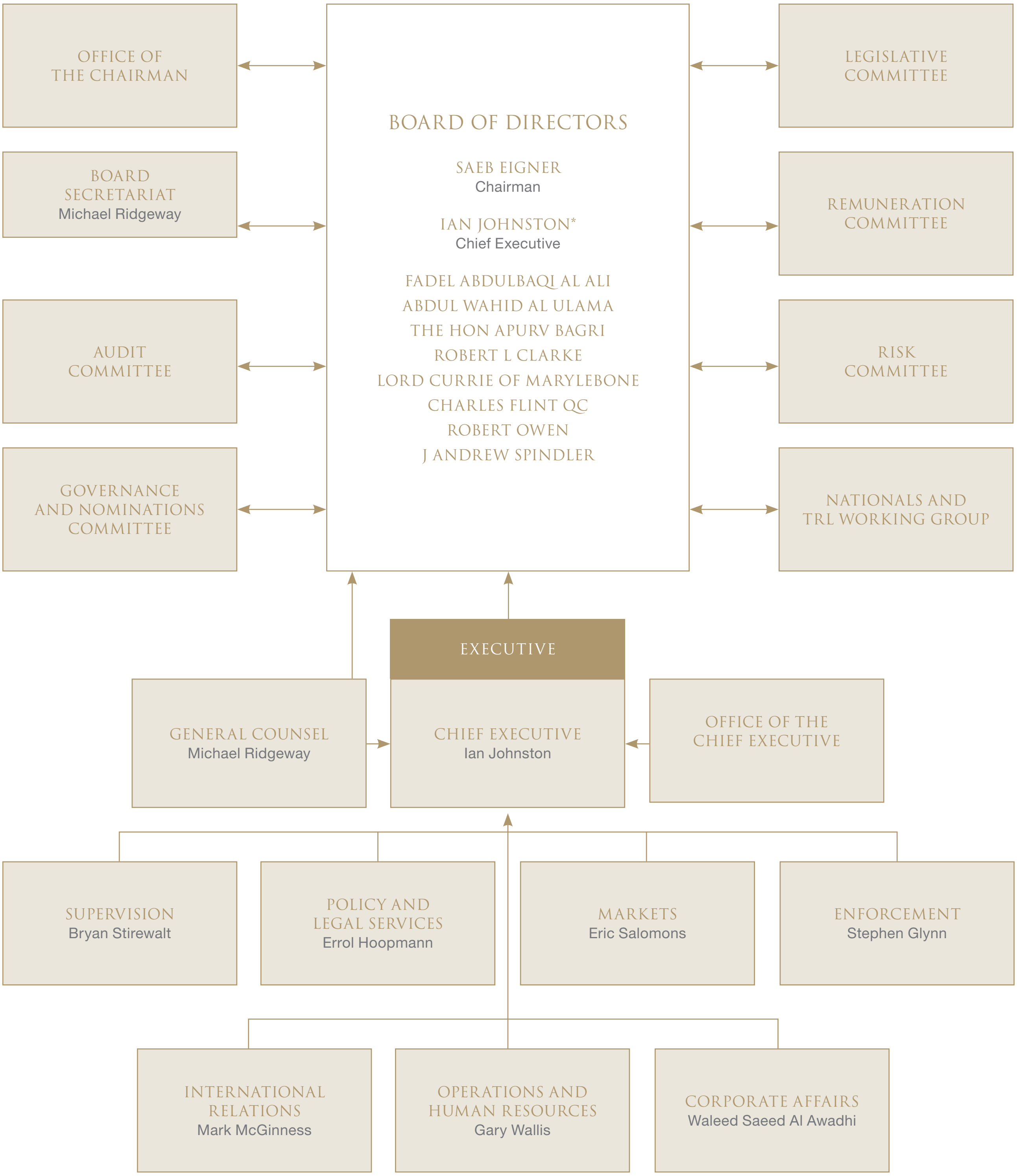
The Code sets appropriate international best practice standards in relation to the use of regulatory information, conflicts of interest, and the giving and receiving of gifts and benefits. It is designed to complement the conflicts of interest and confidentiality provisions in the Regulatory Law.

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 2014

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 Financial Markets Tribunal (FMT);
- 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 2014, the Board consists of 10 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 an FMT and five committees to assist in discharging its functions. These are the Legislative Committee (LegCo), Governance and Nominations Committee, Audit Committee, Risk Committee and the 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 in carrying out the work of the committees.

The Chairman of the DFSA Board and the Chief Executive are ex-officio members of all Board committees except the Audit Committee.

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 2014

Committees							
	Board	Remuneration Committee	Legislative Committee	Governance and Nominations Committee	Audit Committee	Risk Committee	TRL and Nationals Working Group
Saeb Eigner	7/7	2/2	7/7	2/3		1/2	
Ian Johnston	7/7	2/2	7/7	3/3		2/2	2/2
Fadel Abdulbaqi Al Ali	7/7	2/2			4/4		2/2
Abdul Wahid Al Ulama	7/7		7/7				2/2
The Hon Apurv Bagri	7/7	2/2		3/3	4/4		
Robert L Clarke	7/7	1/2	7/7				2/2
Charles Flint QC	7/7		7/7			2/2	
Lord Currie of Marylebone	7/7	2/2		3/3			2/2
Robert Owen	7/7		7/7			2/2	
J Andrew Spindler	7/7			3/3	4/4	2/2	2/2

DFSA board Member Profiles
(as at 31st December 2014)

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 Subcontinent Division of the private bank, which he left to found Lonworld, a private investment group in the early 1990's.

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).

Mr Eigner holds and/or has held a number of Board appointments in banking, strategy, education, regulation and investment.

Ian Johnston

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

Mr Johnston was admitted to practice law in Australia in the early 1980s and spent most of his career in the private sector. He held a number of senior positions within the financial sector and was Chief Executive Officer (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 held the position of Executive Director, Financial Services Regulation, and spent several terms as an acting Commissioner. In 2005, he took up a position of Special Advisor with the Hong Kong Securities and Futures Commission (HKSFC).

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. 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, a leading investment conglomerate with operations in 24 countries employing over 22,000 people.

Mr Al Ali plays a significant role in shaping Dubai Holding strategy that manages an AED 116 billion portfolio of assets, which supports the strong development of Dubai's non-oil economy across sectors including hospitality, media, real estate, information and communications technology, education and financial services.

Mr Al Ali is Chairman of Dubai International Capital and Chairman of Dubai Group. He also serves on the Boards of Emaar Properties PJSC, du (Emirates Integrated Telecommunications), Dubai Properties Group and Jumeirah Group.

Mr Al Ali has considerable experience in the finance industry which includes several years at Citibank before his move to Dubai Holding. He 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 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 an 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 which 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 also Chairman of the Royal Parks Board, Chairman of the Governing Body of the London Business School, a Board member of the Higher Education Funding Council for England, a Commissioner of the Crown Estate Paving Commission and a Trustee of Asia House.

He is a member of the Corporation, University College School, 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 and 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 United States (US) and internationally.

Mr Clarke founded the Financial Services Group at Bracewell & Giuliani LLP in 1973. He was appointed by President Ronald Reagan to serve as the Comptroller of the Currency 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. 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 United Kingdom's (UK) competition body that replaced the Office of Fair Trading and the Competition Commission. As a result, 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 was 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 Union of European Football Associations 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 HKSFC 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 HKSFC, Mr Owen has been Deputy Chairman of Nomura Asia Holdings Limited, a member of the Council and Regulatory Board of Lloyd's of London, Chairman of Techpacific Capital Limited, Chairman of IB Daiwa Limited, 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 Chairman of Repton International Schools Ltd., a Governor of Repton School in the UK and a Board member of Repton School Dubai, Repton School Abu Dhabi and Foremarke School 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 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. 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.

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 is responsible for the scrutiny of all proposed legislative and Rulebook changes, ensuring proper consultation on such changes and recommending to the Board the final form of legislative changes proposed. The Board has the power to make or amend rules, and will recommend primary legislation for enactment by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the Ruler of Dubai.

LegCo members were:
• Charles Flint QC (Chairman)
• Abdul Wahid Al Ulama
• Robert L Clarke
• Robert Owen
• 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

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

In 2014, LegCo completed a significant revision of the DFSA's decision-making powers and appeals available from such decisions. The Regulatory Appeals Committee (RAC) was abolished and the FMT became the independent tribunal for reviews of decisions of the Executive. The FMT is also empowered to hear regulatory proceedings. Amendments to the Regulatory Law gave the Executive additional powers, including the ability to impose unlimited financial penalties for contraventions of the Law. Accompanying the Regulatory Law amendments were related amendments to 14 of the DFSA's Rulebook modules.

Other legislative and rule amendments updated the Auditors regime, Funds regime and the Fees regime for regulated entities. The Prudential Banking regime was updated to change reporting requirements and to introduce the liquidity coverage ratio and leverage ratio proposed by the BCBS. A Code of Market Conduct was approved, giving guidance on the market abuse provisions of the Markets Law 2012. Other proposals were approved which seek to amend the Client Classification and Client Agreement regulations and make changes regarding the imposition of fees for market-related activities.

The Dubai Government instituted a new process for consideration and approval of legislative proposals prior to enactment by the Ruler of Dubai. The DFSA has historically worked on such matters with the Dubai Government's Department of Legal Affairs, but the duties of reviewing and recommending legislation have now been conferred on a new entity, the Supreme Legislation Committee.

The Executive will meet the Secretary General of the new committee in 2015 to discuss process and procedure in relation to proposed legislative changes, and looks forward to developing good relations with officials acting for the committee.

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 were:
• J Andrew Spindler (Chairman)
• Fadel Al Ali
• The Hon Apurv Bagri

During 2014, the Audit Committee oversaw external audits of the DFSA's 2013 financial statements and accounts and the DFSA Employees' End of Service Gratuity Trust, all of which received unqualified clean opinions. The committee engaged third parties to conduct independent reviews of the DFSA's Markets Division and Human Resources Division (HR) (including the TRL Programme). The committee also oversaw an independent audit of the Information Technology (IT), Security and Penetration programme and an internal audit of the effectiveness of the DFSA's Business Continuity Plan. As a result of the DFSA's ongoing self-examination, the committee approved minor changes to the Authority Matrix and made certain recommendations for improving programmes, processes, systems and controls.

The committee recommended, and the Board approved, the DFSA's adoption of International Public Sector Accounting Standards (IPSAS) with effect from the reporting of 2014 accounts. This will bring the DFSA in line with many other government organisations and will result in some changes in how the DFSA accounts for its funding from the Dubai Government.

In anticipation of the coming year, the committee oversaw the preparation and approval of the 2015 DFSA budget and recommended some changes in presentation to incorporate best practice and greater transparency.

The committee's planning of external audits for 2015 is well advanced, including plans to review the DFSA's cyber security standards against ISO 27032.

Risk Committee

The primary function of the Risk Committee remains to assist the Board in identifying and assessing external and regulatory risks that could affect the DFSA's ability to meet its regulatory objectives and/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 were:
• Robert Owen (Chairman)
• Charles Flint QC
• J Andrew Spindler
• Saeb Eigner *
• Ian Johnston *

* Ex-officio

During 2014, the Risk Committee held two meetings and discussed the following matters:

- the Board's updated regulatory risk tolerance levels, based on an assessment of the probability and impact of numerous scenarios;
- a comprehensive review of an overall risk inventory, prepared by the DFSA Executive, identifying the highest priority risks, the mitigating actions already in hand or planned, and the adequacy of these actions;
- the Board's view of the top few broad risks facing the DFSA, designed to guide decision making by the Executive; and
- an update on the DFSA's current work to mitigate risks arising in the AML/CTF area and the adequacy of these controls.

The updated risk tolerance and the revised risk inventory, as well as the Board's view of the top risks, were later discussed and approved by the Board as inputs to the DFSA's strategic planning process for 2015 and beyond.

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 were:
• The Hon Apurv Bagri (Chairman)
• Lord Currie of Marylebone
• J Andrew Spindler
• Saeb Eigner *
• Ian Johnston *

* Ex-officio

Reflecting the Board's commitment to transparency, the committee recommended that the DFSA publish the Board's Code of Values and Ethics and a summary of outcomes of each Board meeting. The committee also considered the corporate governance implications of existing data protection and confidentiality policies. As a result of those discussions, new practices were approved to tighten security of certain communications.

The committee led an internal review of the performance of the Board and its committees. One longer-term goal that was identified was the desire for more gender and geographic balance on the Board. The committee reaffirmed its commitment to prohibiting Board members from owning or dealing in investments listed on NASDAQ Dubai. The Executive provided the committee with regular reports regarding complaints and their resolution.

After enactment of changes to the Regulatory Law in July, the committee participated in the nomination and selection of members of the newly-constituted FMT. The search for new UAE National candidates for appointment to the FMT continued through to the end of the year.

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

* Ex-officio

During 2014, the committee made recommendations to the Board on adjustments to the remuneration of the senior management team, and on the overall distribution of salary adjustments and bonuses for the whole organisation. At the same time, it benchmarked the timing of year-end reviews and payment of performance bonuses, and decided that in future those will be deferred until after the first Board meeting of the year in order to conform to common practice.

In conjunction with the Nationals and TRL Working Group, the committee reviewed the DFSA's strategy for developing young UAE Nationals without diluting the overall base of employee experience. The resulting strategies included the introduction of opportunities for professional leadership certification, international secondments, recruitment of more experienced Emiratis and increased exposure to the local Arabic-speaking market through the DFSA's outreach initiative, Bawabaty.

The committee also approved a policy that will enable some employees to work flexible or reduced hours, provided that this does not impact adversely on the operational efficiency of the organisation. The DFSA foresees that this flexibility will assist with recruitment and retention because it will better accommodate employees who have young children or other challenges that make it difficult to work longer hours.

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 the DFSA's UAE National employees.

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

In 2014, almost half of the entire Programme's graduates (since inception) were promoted, and the overall number of UAE National employees continued to grow. In addition to four new entry-level TRL Associates, the DFSA was successful in its ongoing effort to hire more experienced local employees. Among all the nationalities represented at the DFSA, in 2014, UAE Nationals became the largest group for the first time.

The Working Group continued to refine and implement strategic initiatives to develop and retain UAE Nationals who were graduating from university and entering the field of financial regulation. This commitment to younger employees has been measured and incremental so that the overall workforce has remained highly experienced. Younger employees have benefited from a programme of coaching and mentoring from more experienced employees, both expatriates and Nationals. Board members also began meeting with small groups of TRL Associates and graduates in an effort to share their experience and insight, and those meetings will continue on a regular basis in the future.

The DFSA continued its strategy of increasing awareness of the TRL Programme, particularly in the local and regional Arabic media. As a result of this effort, the DFSA became better known and strengthened important relationships with key members of the media.

For the coming year, the Working Group has recommended additional focus on training and developing existing TRL Associates and hiring more experienced Emiratis, with a one-year moratorium on recruiting entry-level employees.

FINANCIAL MARKETS TRIBUNAL

The FMT is the independent financial services tribunal with jurisdiction to review regulatory decisions, determine breaches of DFSA administered legislation, and conduct related regulatory proceedings. Its members are appointed by the DFSA Board, but it is operationally independent of the Board and the Executive

The jurisdiction and powers of the FMT were amended with effect from 21 August 2014 following amendments to the Regulatory Law. Any decision of the tribunal may be appealed to the Courts on a point of law.

FMT members were (with effect from August):
• His Honour David Mackie CBE QC (President)**
• Ali Malek QC**
• Bankim Thanki QC**
• Jeremy Gauntlett SC**
• John L Douglas**
• Patrick Storey**

** Refer to the DFSA website for their corporate profiles

DFSA Executives

Ian Johnston

Chief Executive (Refer to page 26 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 at Sama Dubai (a Dubai Holding company), where he was responsible for more than 20 international markets spanning the far East, Australia, Middle East, North Africa, Turkey and the Levant.

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

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.

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.

From 2012 to 2014, he served as 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, Head of International Relations, joined the DFSA in August 2005 to establish the DFSA's office of International Relations. He leads, co-ordinates and advises on DFSA's international activity, which includes responsibility for its network of MoUs.

He has drafted and negotiated more than 80 MoUs, underlying the DFSA's commitment to cross-border co-operation. For three years from April 2011, he assumed the additional role of Secretary to the DFSA Board.

Mr McGinness has more than 30 years of regulatory experience. He 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 IOSCO's Implementation and multi-lateral MoU (MMOU) task forces and its Enforcement Standing Committee.

Mr McGinness is currently a member of IOSCO's Assessment Committee, sits as a lead validator on the MMOU Signatories Working Group 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's (IMF) Financial Sector Assessment Programme (FSAP) 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 and Board Secretary, joined the DFSA in 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 manages the affairs of the Board and its committees and is the Dean of the TRL Programme.

Prior to joining the DFSA, Mr Ridgeway's career included work in the private sector as well as 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, both as a practitioner and as a trainer. He has published papers on topics including legal ethics, reputation risk, employee recognition and Native American casinos. Mr Ridgeway has successfully litigated a number of precedent-setting cases, ranging from the definition of insurance to the unconstitutionality of a tax. He has also testified as an expert witness regarding insurance in various US state and federal courts.

Mr Ridgeway holds a Juris Doctorate and a Bachelor of Arts in Public Administration. He is admitted to practice in jurisdictions ranging from US Tribal, State and Federal District Courts, US Bankruptcy Courts, US Circuit Courts of Appeal, US Supreme Court and the DIFC Courts.

Eric Salomons

Director and 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 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 Task Force.

Before joining the DFSA, Mr Salomons worked at the Dutch financial services regulator, responsible for regulating market infrastructures, and was a member of the working parties to the NYSE Euronext College of Regulators.

Mr Salomons began 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.

The Supervision Division includes prudential and conduct-oriented oversight of a variety of financial service providers, including: commercial banks, investment banks, insurance companies, wealth managers and a variety of advisory services. The Supervision Division also oversees the DFSA's role with auditors and credit rating agencies. Mr Stirewalt is active in the DFSA's efforts to fight methods of illicit finance within his primary areas of responsibilities, as well as with DNFBPs.

He 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 Office of the Comptroller of the Currency as a National Bank Examiner, where he specialised in policy development and implementation, problem bank rehabilitation and banking fraud initiatives.

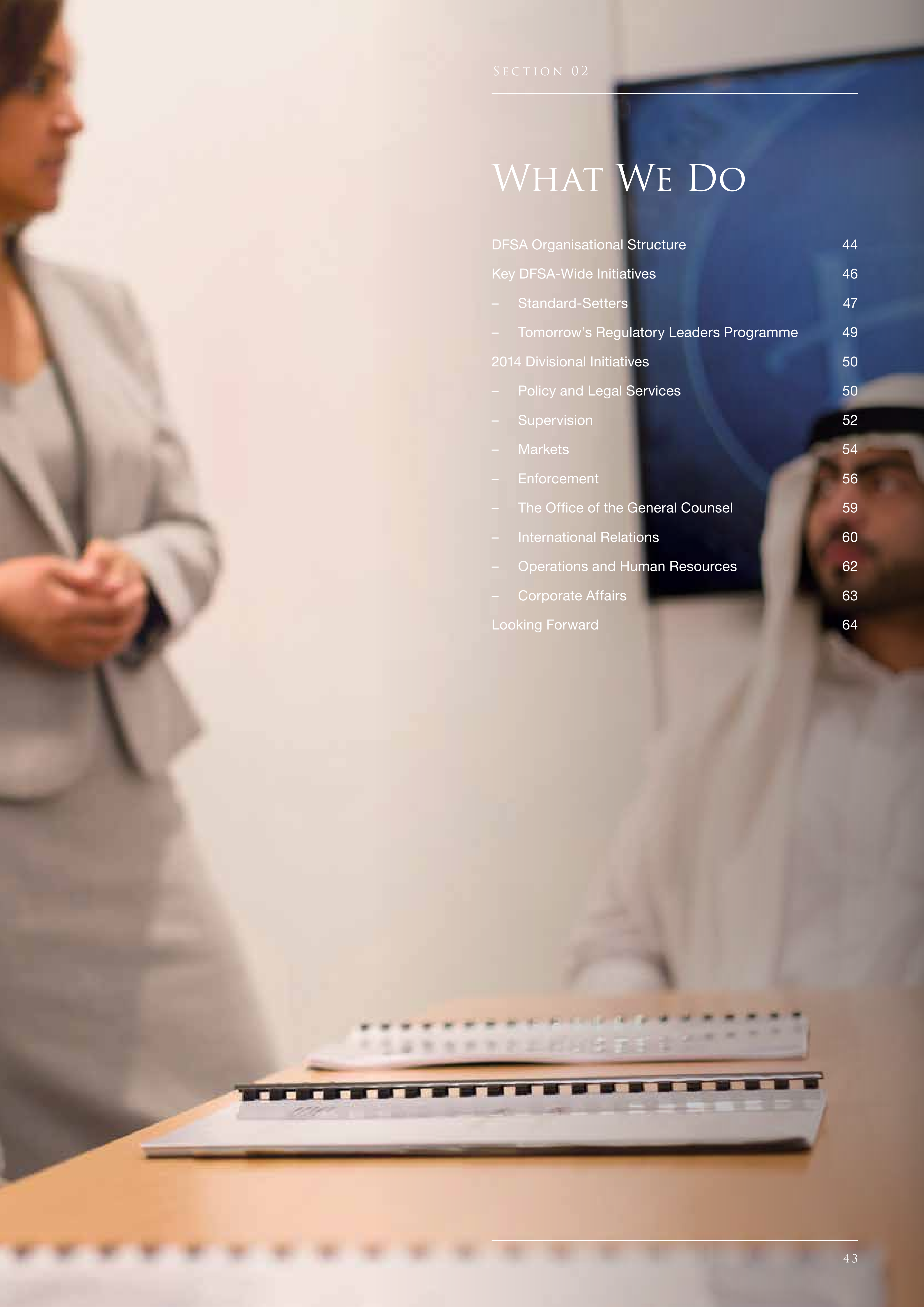
From 1996 to 2008, he worked for an international consulting and advisory firm, focusing his attention on emerging markets development programmes, including management of large-scale and multi-faceted projects in Poland, Ukraine, Cyprus and Kazakhstan. These projects related to a wide array of topics 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 provides a forum for deepening the Basel Committee's engagement with emerging markets supervisors around the world on banking supervisory issues.

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 15 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.



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 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 the Dubai Government and the DIFC Authority (DIFCA) on DIFC legislation. The Legal Services Division also provides litigation management support and advice in its actions in the DIFC Courts 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 AFs operating in or from the DIFC. The Division also monitors the work of RAs and credit rating agencies (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 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 co-operates and communicates closely with regulators in the UAE.

The Markets Division

The Division is responsible for the licensing and on-going supervision of the Dubai Mercantile Exchange 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. It maintains the DIFC's Official List of Securities.

The Enforcement Division

The Division investigates breaches of DIFC laws and rules administered by the DFSA. The Division takes action in circumstances where suspected 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/ Board Secretariat

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 Board Secretariat manages and co-ordinates all corporate secretary functions for the Board and each of its committees. The Office also oversees education, recordkeeping and updates regarding DFSA's ethics programme and conducts on-going reviews of the TRL Programme.

International Relations

The Division leads and co-ordinates the DFSA's role in all international matters and co-operative bi-lateral and multi-lateral efforts with regional and international counterparts and its engagement with the global financial standard-setters.

The Operations And Hr Division

The role of the Operations Division is to provide the facilities and infrastructure required by the DFSA to perform its functions effectively and efficiently. The Division consists of the Finance, IT, Office Administration and HR functions.

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

This section highlights two key initiatives in which the DFSA has co-operated internally, across Divisions, so as to focus time and resources in contributing to the work of the international standard-setters and furthering the development of the TRL Programme. These initiatives have permeated the organisation and helped to determine key DFSA-wide activities for 2014.

STANDARD-SETTERS

DFSA's Involvement

The DFSA operates a regulatory regime that is consistent with international standards. The main international standard-setters relevant to the DFSA's work are the BCBS, IAIS, IOSCO, FSB, IFSB and FATF.

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 not just to adopt the evolving international standards but to help shape the development of these standards and to ensure that they reflect the needs of jurisdictions such as the DIFC. In 2014, the DFSA continued its high level of involvement with the main international standard-setters, with members of the DFSA acting as:

- observer in the BCBS;
- member of the Technical Committee of the IAIS; and
- member of the Steering Group of IOSCO's Growth and Emerging Markets Committee.

Throughout 2014, the BCBS, the IAIS and IOSCO continued to develop policies and set new standards in response to the global financial crisis, with stimulus and oversight from the G-20 and in concert with the Financial Stability Board (FSB).

Banking

The DFSA's Managing Director, Supervision, co-chairs the Basel Consultative Group (BCG) and in this role he is also an observer on the BCBS. The BCG is a key working group of the BCBS that represents the views of countries and jurisdictions, primarily in the emerging market world, that are not members of the BCBS itself. The BCG has been carrying out important work on studying the impact of the Basel III framework on emerging markets and smaller economies, and on the topic of financial inclusion.

The DFSA also participates in the BCBS Task Force on Standardised Approach 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. As part of the IAIS's contribution to increasing financial stability, the Technical Committee continued to focus on two important areas:

- developing standards in the context of the Common Framework (ComFrame) for the Supervision of Internationally Active Insurance Groups (IAIGs). The next phase involves field testing of the proposed framework, with volunteer IAIGs, and should result in final calibration leading to ComFrame being formally adopted in 2018; and
- introducing the first global insurance capital standard, known as the Basic Capital Requirements (BCR), for global systemically important insurers. The final BCR standard was published in October.

The DFSA chaired the Governance and Compliance Sub-Committee until June 2014, when, after three years, the DFSA's representative stood down. The DFSA continued to participate in the Supervisory Co-operation Sub-Committee, the Insurance Groups and Cross-Sectoral Issues Sub-Committee and the ComFrame Drafting Review Group.

In addition, the DFSA's Director, International Relations, is a member of the IAIS MMoU Signatories Working Group, which assesses applications to become a signatory to the IAIS MMoU, another important IAIS initiative.

Securities And Markets

In the securities sector, as a member of the Steering Group of IOSCO's Growth and Emerging Markets Committee (GEM), the DFSA's Chief Executive sits on the Technical Policy Group, sharing the outcomes of the IOSCO Policy Committees with GEM members, identifying and highlighting issues affecting emerging markets.

In addition to participating in IOSCO's Africa Middle East Regional Committee (AMERC), the DFSA also participates in three other IOSCO committees:

- until November, when his term ended, the DFSA's Managing Director, Policy and Legal Services, served as Vice-Chair on the Committee on Enforcement and Exchange of Information (Committee 4). The DFSA continues to be represented on this Committee by its Head of Enforcement. In 2014, Committee 4 substantially completed a major piece of work developing a set of principles for credible deterrence in securities regulation. The DFSA led the work on this project, which was endorsed by the IOSCO Board in September 2014;
- the Director, International Relations, is a member of the Assessment Committee and Implementation Task Force Sub-Committee, which review and update the IOSCO methodology to ensure it reflects IOSCO standards and is appropriate for effective securities regulation. In November, the committee presented to the G-20 and the FSB two reports: a review of progress in adopting legislation, regulation and other policies in relation to money market funds; and a report on adoption of recommendations regarding incentive alignment and risk retention in securitisation regulation. The committee also contributed to the FSB's Compendium of Standards, an initiative to capture key supervisory criteria; and
- the DFSA's Head of Markets is a member of the Commodity Futures Markets (Committee 7). In 2014, the work of Committee 7 focused on a survey on effects of storage warehouses on price formation in commodity derivatives markets, monitoring of the implementation of the Principles for Price Reporting Agencies and an update to its 2012 survey on the principles for the Regulation and Supervision of Commodity Derivatives Markets.

The DFSA also contributes to the Committee on Payment and Settlement Systems-IOSCO Working Group on OTC Derivatives.

Islamic Finance

The DFSA actively contributes to the development of the Islamic finance industry in general and to the development and implementation of global standards for Islamic finance. The most important avenue for DFSA's contribution is its participation in the efforts of the IFSB.

The DFSA's Head of Islamic Finance serves as a member of the most important technical body of IFSB, its Technical Committee. He also serves as the Deputy Chairman of the IFSB's Working Group tasked with the development of core principles for regulation of Islamic finance.

During 2014, the DFSA participated in different initiatives of the IFSB in facilitating implementation of its global standards for Islamic finance, including participation in executive training forums and workshops. The DFSA also contributed to the Dubai Islamic economy initiative, including participation in roundtables organised to develop and implement ideas and strategies for the development of Islamic finance markets in Dubai. The year 2014 witnessed robust activity in terms of sukuk issuance on NASDAQ Dubai as well as strong activity levels in retakaful business.

Other Standard-Setters

Although the DFSA's main efforts in the area of international engagement were devoted in 2014 to participation in the activities of international standard-setters discussed earlier, the DFSA also contributed to the work of other standard-setters, particularly in the field of AML, accounting and auditing.

The DFSA also contributed to the work of the Organisation for Economic Co-operation and Development (OECD) Task Force of MENA (Middle East and North Africa) Stock Exchanges for Corporate Governance and the MENA-OECD Capital Markets Task Force.

Tomorrow's Regulatory Leaders Programme

2014 saw continued investment in UAE National development, including more than 2000 hours in direct coaching of TRL Associates and organisational support for UAE Nationals to undertake masters degrees and professional certifications in areas such as compliance, AML and finance, banking and risk.

The Dean of the TRL Programme, the General Counsel, continued a rolling review of the curriculum, texts and supporting materials to improve delivery and 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. In addition, suggestions from instructors and TRL Associates regarding ways in which the programme could be improved were also sought in 2014.

A successful recruitment campaign, attracting 196 applications, resulted in four individuals from various universities joining the DFSA as the ninth cohort of Associates. UAE Nationals now comprise 35% of the DFSA's regulatory workforce and the largest national group of employees in the DFSA as a whole.

The Dean also served as a mentor for TRL Associates, presented orientation classes on the roles of the General Counsel and Board Secretariat, participated in the DIFC Courts' and Dubai Courts' orientation for new Associates and served as instructor for the module on regulatory values and ethics.

In 2014 the focus for UAE National development was 'excellence', and a full and comprehensive review of the programme was undertaken by a third party. The TRL Programme scored very highly, and 2015 will herald some important changes to the programme to ensure its continuing excellence alongside leadership development for those already established with the organisation.

2014 Divisional Initiatives

Policy and Legal Services

In 2014, the Policy and Legal Services Division (P&L) completed a broad range of key projects. After publication of Consultation Papers (CPs) 94 and 95, the team concluded the DFSA Board's proposals to revise the DFSA's tribunal arrangements. CP 94 also set out proposals to amend the DFSA's supervisory powers and the DFSA's internal decision-making processes. Amendments to the Regulatory Law 2004, and other laws necessary to give effect to these proposals, were enacted by His Highness the Ruler of Dubai on 24 July, and came into force on 21 August.

Also enacted by His Highness the Ruler of Dubai, were changes to the law to enhance the DFSA's regime for the registration and oversight of auditors, consulted on in CP 91; to amend prudential reporting forms, consulted on in CP 92; and to introduce a new category of fund, the Qualified Investor Fund, previously consulted on in CP 93. Related rule changes were made by the DFSA Board and came into force on 21 August, at the same time as the law changes took effect.

The DFSA reviewed its regulatory fees and published CP 96 proposing a number of amendments to the fee regime. The DFSA Board approved rule changes after consultation and the revised rules will take effect from the start of 2015.

The DFSA started work in 2013 on a Code of Market Conduct, to give guidance to market participants on the market abuse provisions in the Markets Law 2010. The code, consulted on this year in CP 98, provided guidance on behaviour that the DFSA considers would, and would not, ordinarily constitute market abuse. The DFSA Board issued the code in December, to come into effect at the start of January 2015.

Lastly, the DFSA reviewed the proposals of the BCBS for the liquidity coverage ratio and leverage ratio and then consulted on changes to introduce these to the regime in CP 99. The consequent rule changes were made by the DFSA Board in December, to come into force on 1 January 2015.

Initiatives In Progress

In the course of 2014, P&L also worked on a number of significant initiatives that are not yet complete. Firstly, the team continued to review the DFSA's regime for client take-on and classification. Significant input was received from stakeholders and proposals to enhance the regime were published in CP 97 in September. P&L is currently considering the responses received to the consultation and intends to complete this important piece of work early in 2015.

Secondly, P&L reviewed the regulatory fees charged to Authorised Market Institutions, to participants in those markets, and for the functions the DFSA carries out as the Listing Authority. CP 100 was published in December and rule-making in this area is expected to be finalised during 2015.

Lastly, the DFSA also started to look at further enhancements to its funds regime, including for property funds; at the insurance-related activities that can be carried out in or from the Centre; and at the international standards for recovery and resolution of financial institutions and infrastructure, and to reform over-the-counter derivatives markets, in both cases to establish what regime would be appropriate for the DIFC.

Other Work Undertaken

P&L delivered in-house legal services relating to legal advice and drafting of the legislation, mentioned earlier, that was enacted or made following consultation. In regard to litigation, in the first quarter of 2014 the Legal Services Department, in conjunction with the Enforcement Division, was involved in obtaining Court Orders to enforce the production of documents by Deutsche Bank AG to assist with an investigation. Later in the year, the Legal Services Department, in conjunction with the Supervision Division, was heavily involved with the legal process leading to the Court appointment of joint liquidators to wind-up ES Bankers (Dubai) Limited (ESBD).

The liquidation proceedings followed the earlier restriction and prohibition Notices to protect the bank's clients who had deposits or assets under management with the bank and the appointment of a Manager to oversee the bank's activities.

P&L continued to contribute to the development of international standards for financial services regulation in 2014, with staff involved in the activities of three committees of the IAIS and one committee of IOSCO. P&L also spoke at a number of seminars and training courses during the year as part of its engagement with the regulatory community.

The Policy Department continued to manage and develop the DFSA's framework for assessing regulatory risks, conducting exercises to establish the organisation's risk tolerance for firm-specific risks and to review comprehensively a risk inventory of significant (non-firm) risks. The Policy Department also contributed to the development of the DFSA's 2015/2016 Business Plan.

Outreach Activities Conducted During The Year

P&L held an outreach session in March on proposals to revise the DFSA's tribunal arrangements and supervisory powers, and then in September held two sessions to discuss the proposals on client classification set out in CP 97.

Supervision

2014 was particularly noteworthy for the Division in that new licensing activity returned to levels not seen since before the onset of the global financial crisis. The organic and deepening growth of existing firms demonstrated the Centre's maturity and acceptance in global markets.

The Supervision Division participated in 10 supervisory colleges over the course of the year. Supervisory colleges are a critical communication method in the supervision of globally significant institutions that have a presence in the DIFC. On a local and regional level, the Division has open communications regarding institutions of mutual interest with Gulf Co-operation Council (GCC) and UAE regulators.

The Division's implementation of a thematic supervision team has given it improved ability to look across all regulated entities and perform its oversight role at a more macro level. The Division also undertook a series of initiatives in 2014 to further streamline policies and process flows in light of the increasing population of regulated entities. The Division will continue to use selected supervisory processes that involve reviews of client files, high level management meetings and self-certifications in the supervision of smaller firms and other regulated entities.

To increase both the efficiency and the effectiveness of supervision, the Division has invested in IT that will allow better vision of a firm's activities without the disruption of an on-site risk assessment. A major project initiated during 2013 to revamp the data collection and analytics capabilities of the Supervision Division was completed during 2014. The project aimed to increase the number of data points collected through the DFSA's electronic prudential reporting system and is expected to be rolled out in the first quarter of 2015.

Authorisations

During 2014, the Authorisation team accepted 82 applications from entities seeking licensing as an AF. This is the highest number since 2009. The team also received two applications from firms seeking registration as an Auditor and 16 for registration as a DNFBP.

As at 31st December 2014, the Supervision Division oversaw 357 AFs, 17 RAs, 84 DNFBPs and 3 CRAs.

The Authorisation team received enquiries and applications from financial service providers in established jurisdictions such as Europe and the United States. There was also continued interest and organic growth from banks, particularly from those headquartered in China and India.

Interestingly, the jurisdiction representing the single largest source of applications in 2014 was the UAE. Although many of the firms from the UAE are smaller in nature, and often start-up operations, this does reflect the strength of the local economy and acceptance of the DIFC as a well-regulated and reliable place for business.

Prudential Supervision

In 2014, the Division continued to oversee prudential operations of AFs to ensure financial stability on a macro-level and safety and soundness on a micro-level, consistent with the DFSA's objectives. As part of continuous risk-based supervisory efforts, risk assessments and desk-based reviews are employed to deal with the risks posed by AFs. In addition to periodic on-site risk assessment visits, three thematic reviews were conducted: 1) liquidity risk management in banks; 2) handling insurance monies by insurance intermediaries; and 3) systems and controls in trading room operations.

The most significant challenge for the supervisory team in 2014 was to address the collapse of the Espirito Santo Financial Group and its implications for the health and survival of ESBD, a DIFC firm authorised to accept deposits. The team was engaged in intense and demanding efforts over four months to protect the interests of the depositors and other creditors of ESBD. Impairment of depositor interest could not be avoided, primarily due to the failure of other entities in the wider Espirito Santo Financial Group.

Over the course of the year, the Supervision Division worked closely with other Divisions to develop a regime for regulation of the proposed entry of the Lloyd's insurance market into the DIFC. This work included determining the proper regulatory stance for the establishment of Lloyd's MENA regional hub, as well as streamlining the insurance intermediary regime in the DIFC.

Finally, in policy development, the Division commenced work on developing the necessary regulatory framework to facilitate local clearing for Renminbi currency.

Conduct Supervision

Although the number of firms with significant prudential risk is limited, every AF has an element of conduct risk. This involves a spectrum of activities, ranging from determining whether a client meets the criteria for acceptance in the DIFC, to suitability analysis for various products and services, to protecting a client's assets, to maintaining a robust set of systems and controls designed to combat money laundering and terrorist finance, as well as complying with relevant sanctions regimes. The Division also worked closely with other DFSA teams to:

1) approve the listing of a Real Estate Investment Trust (REIT) on NASDAQ Dubai. This was the first listing of a DIFC Domestic Fund. The fund, Emirates REIT (CEIC) Limited, is a closed-ended investment company that invests in a diversified portfolio of Shari'a compliant real estate properties and related assets. The Fund Manager, Emirates REIT Management Limited, a wholly Islamic fund management company, is regulated by the DFSA; and

2) introduce a new fund vehicle, Qualified Investor Fund (QIF), which is only open to Professional Clients who make a minimum subscription of at least USD 500,000. Such funds may only have 50 or fewer unitholders and their units may only be offered by way of private placement. Such funds are subject to proportionate regulation by the DFSA, with a QIF enjoying a fast-track notification and authorisation process.

The Supervision Division continued to foster existing relationships with other UAE regulators during the year, particularly to prevent financial crime. Meetings were held with the Anti-Money Laundering Suspicious Cases Unit (AMLSCU) of the Central Bank of the UAE (CBUAE), the Emirates Securities and Commodities Authority (SCA), Dubai Police and other security officials to improve communications and transparency levels. The Division also participated in all the meetings of the National Anti-Money Laundering Committee (the UAE Federal Committee for AML-related matters) held during the year.

The Supervision Division will continue to focus on improving financial crime compliance and awareness in the DIFC. To this end, the DFSA now requires all firms to submit an enhanced Annual AML Return. The analysis of these reports will be used in the direct supervision of firms, as well as assisting with the identification of trends and financial crime risks.

Other Areas Of Importance

The Supervision team participated in the formulation of the UAE's approach to the Foreign Account Tax Compliance Act (FATCA). A letter was issued to regulated entities in the Centre reminding them of their obligations under the FATCA regulations. The DFSA will work with its counterparts in DIFCA to finalise a reporting framework for this purpose.

In order to address an increase in enquiries coming from applicants and regulated entities in the DIFC, a Dear SEO letter was issued which outlined the overall requirements for Retail FX operations in the Centre. The framework, which applies to each regulated activity in a cascading fashion, outlined the various requirements based on types of financial activities that may be conducted by firms in different categories.

Markets

Supervising Market Infrastructure

In 2014, the DFSA continued its efforts to ensure that market operators and clearing houses operated in accordance with highest international standards and in compliance with the AMI (Authorised Market Institutions) and AML Modules that were overhauled in 2013. In the course of supervising and monitoring AMIs in the DIFC, the Markets Division:

- reviewed and analysed market quality reports;
- reviewed and approved significant changes, such as three liquidity incentive schemes, one material change, three business rule proposals, new business initiatives, financial soundness and capital adequacy, management and controller changes;
- reviewed and monitored the central securities depository and murabaha platform; and
- reviewed the AMIs' efforts to monitor their members' compliance with the applicable AMI rules, conducting risk assessment reviews of the AMIs' activities.

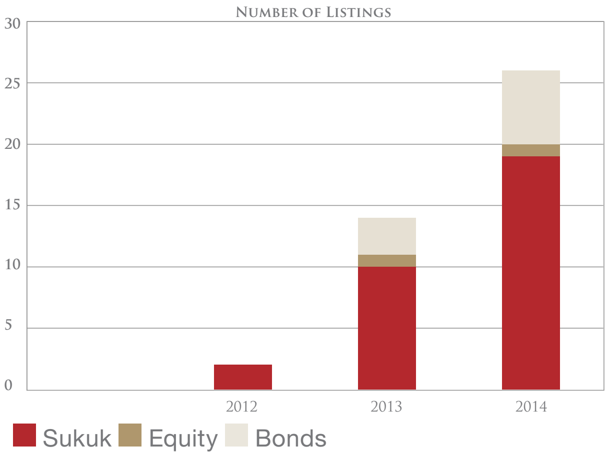
On the recognition front, 2014 was a productive year as interest in accessing DIFC AMIs increased. In 2014, recognition status was granted to eight firms and revoked for three firms. The Markets Division also enhanced its monitoring tools and efforts to monitor its Recognised Members and Bodies, to ensure continued compliance with the requirements of the Recognition Module. One Recognised Body had its recognition revoked and none were recognised.

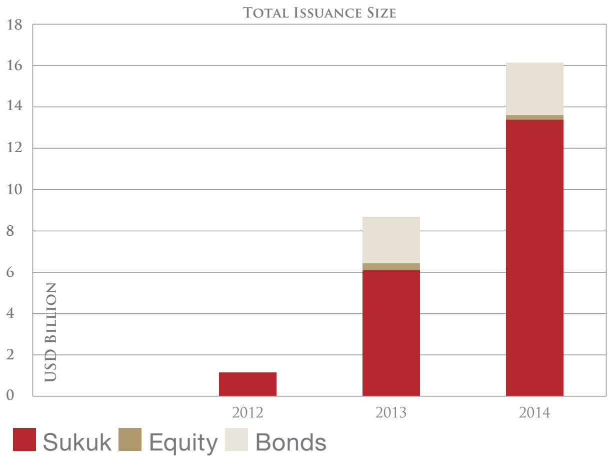
Operating The Listing Authority

The Listing Authority has 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 were generally favourable in 2014, although volatile in the second half of the year. The team witnessed a strong interest in equity securities offerings and a further acceleration of the offering of sukuk in the DIFC.

As at the end of 2014, the Listing Authority had processed 26 capital markets transactions, which included prospectus approvals and/or admission to the List. During the year, 19 sukuk with an aggregate market capitalisation of USD 13.4 billion were admitted to the List, as well as six conventional bonds with an aggregate market capitalisation of USD 2.5 billion and one REIT with a market capitalisation of USD 407 million. In addition, the Listing Authority approved a USD 5 billion structured product programme.





A total of USD 16.1 billion was raised during 2014, compared to USD 8.3 billion in 2013. Please refer to Appendix 6 for securities listed in 2014. The approved transactions show a broadening in type of issuers with the majority still being UAE institutions, national-based companies or companies with a GCC nexus.

The Markets Division actively monitors issuer disclosures and securities price developments, and engages with issuers when appropriate to ensure adequate and timely disclosure. During the year, the Division processed 2144 disclosures and alerts, five delistings and temporarily suspended securities from trading in one instance. Two internal referrals were made for further investigation of suspicious trading activity.

Islamic Finance

A key driver to the significant increase in sukuk listings was His Highness Sheikh Mohammed Bin Rashid Al Maktoum's Islamic economy initiative. One of the three key pillars of the Dubai's Islamic economy initiative is the positioning of Dubai as a hub for sukuk and Islamic financial services. As noted overleaf, the Listing Authority approved the admission of USD 13.4 billion sukuk to the List, representing approximately 42% of the USD 31.5 billion-based sukuk issuance globally from January to December 2014, and contributing to the ranking of Dubai as the world's third largest venue for sukuk listings by value.

According to advisers and lead arrangers, the international regulatory framework and the efficiency of processes are among the key factors taken into consideration when choosing a venue to list. The DFSA benchmarks itself against leading international financial markets, such as the UK, Ireland and Luxembourg, when changes to the regulatory framework are proposed, as these venues are regarded as being among the most popular listing destinations by issuers of fixed income securities or sukuk from this region.

Initiatives And Projects In 2014

The DFSA's listings regime was reviewed in 2012. This process, especially dialogue with industry participants, is ongoing. To enhance this regime further, the Markets Division issued five Markets Briefs to provide guidance on the listing process and disclosure obligations. Specific topics included corporate governance of issuers of securities, the DFSA's sponsor regime and listed funds.

The Markets Division also continued its efforts to ensure continuation of access to foreign markets by its trading and clearing platforms.

A review was completed of the DFSA's capital markets-related fees. The review focused on setting the appropriate fee for prospectus review and approval, and the ongoing fee for operating an AMI in the DIFC. This is the first time that changes have been proposed since the introduction of a capital markets regime in 2007. The proposals, which were consulted on in CP 100 in December, reflect a maturing DIFC capital market, as well as the increased role of the DFSA in these markets.

A Code of Market Conduct was publicly consulted on in CP 98 and will come into effect on 1 January 2015; it will provide further guidance on the market abuse provisions in the DIFC Markets Law.

Local And International Collaboration

The Division continued its investor education through outreach and collaborative efforts with stakeholders - the public at large, peer regulators, industry bodies and standard-setters. This resulted in 20 presentations in public forums and publications across the UAE and the GCC, as well as relevant Islamic finance jurisdictions, on a variety of topics.

As the Listings Authority experienced an increase in applications from firms wishing to act as sponsor to equity listing transactions (i.e. traditional initial public offerings), further roundtable discussions related to the sponsor role were held with advisers and arrangers in early 2014. The Division also sought feedback from law firms and arrangers in relation to the process of handling conventional and debenture transactions.

The Division is a member of the IOSCO Commodity Derivatives Committee 7 and in 2014 continued its participation through the committee's review of warehouse practices and the impact on commodity derivatives markets, as well as the monitoring of implementation of the IOSCO principles for crude oil price reporting agencies.

Enforcement

Credible Deterrence

Deterrence in the enforcement of securities and financial services regulation is the primary objective of the Enforcement Division. Deterrence can be achieved in various ways through early detection mechanisms, such as market surveillance, or by taking pre-emptive action when tips or complaints are received from members of the public and warning the public when the DFSA becomes aware of scams and other fraudulent activity that affects the DIFC. The Enforcement Division can also deter misconduct by enhancing the corporate governance arrangements within firms by, for example, improving their risk management practices and systems and controls. Where the Enforcement Division cannot deter unlawful behaviour by any other means, or where the unlawful conduct is significant, it will seek to impose sanctions to deter future misconduct.

Enforcement achieves its objectives by referring breaches of DFSA administered legislation to an administrative body called the Decision Making Committee that is responsible for considering the matter and determining whether to impose a sanction or exercise any other power.

Investigations

The Enforcement Division received 14 referrals of suspicious conduct from the Supervision and Markets Divisions in 2014. It commenced six investigations; carried over nine investigations from 2013; concluded four investigations and referred five matters to decision-makers to consider whether to take regulatory action.

Decision Making

Decision Makers were appointed to determine recommendations arising from five investigations. The first related to conduct arising from suspected contraventions of:

- Rules 3.4.1 of the Anti-Money Laundering Module of the DFSA Rulebook (AML) – failing to comply with customer identification requirements; and
- Rule 3.3.2(1) of the Conduct of Business Module of the DFSA Rulebook (COB) – failure to enter into client agreements with clients.

The second related to conduct arising from suspected contraventions of:

- Article 53(b) of the Companies Law - failing to exercise the skill, care and diligence that a reasonably prudent person would exercise in comparable circumstances when discharging duties as a director of a company; and
- Article 159(a) of the Companies Law - providing information to the RoC that is false, misleading and deceptive.

The third related to conduct arising from suspected contraventions of:

- Article 83(d) of the Regulatory Law - providing misleading information to the DFSA;
- Rule 4.4.4 of the General Module of the DFSA Rulebook (GEN) - failing to deal with the DFSA in an open and co-operative manner; and
- GEN Rule 4.4.1 - failing to observe high standards of integrity and fair dealing in carrying out Licensed Functions as Licensed Directors.

The fourth related to conduct arising from suspected contraventions of:

- Article 66 of the Regulatory Law - providing false or misleading information to the DFSA during the course of an application for the change of control of a company;
- Article 83(b) of the Regulatory Law - obstructing the DFSA's investigation by failing to comply with a notice pursuant to Article 80(1)(b) & (e) of the Regulatory Law; and
- Article 83(c) of the Regulatory Law - obstructing the DFSA's investigation by failing to comply with a notice pursuant to Article 80(1)(d) & (e) of the Regulatory Law.

The fifth related to conduct arising from suspected contraventions of:

- Article 50(1)(a) of the Collective Investment Law - offering a unit of a fund to a prospective investor without providing a prospectus;
- COB Rules 2.3, 2.4 and 2.5 – failing to classify clients;

- COB Rule 3.4.2 – failing to carry out suitability assessments of products for clients;
- COB Rule 3.3.2 – failure to enter into client agreements with clients; and
- AML Rule 3.4 – failing to comply with customer identification requirements.

Enforcement Proceedings

On 6 February 2014, the DIFC Courts made an order in favour of the DFSA requiring Deutsche Bank AG to provide information and documents that it had earlier failed to provide, and that were relevant to an investigation the DFSA was conducting. The DIFC Courts declared that Deutsche Bank AG, without reasonable excuse, was in material non-compliance with the requirement to produce or procure the production of information and documents. The Firm was required to deliver the information and documents that the DFSA was seeking and pay the DFSA's cost of the proceedings.

Asset Freezing Directions

The DFSA proactively deters money laundering and will take action when money laundering activities come to its attention. The Enforcement Division froze cash, assets and securities valued at USD 27 million, which were suspected of being the proceeds of money laundering transactions. The directions to freeze the assets supported investigations being made by regulatory and enforcement authorities in another jurisdiction.

Private Warnings

There are mechanisms that regulators can use to deter or respond to misconduct. Sometimes individuals and firms engage in conduct that, if continued, could lead to a contravention of a law or rule. When such conduct comes to the attention of the DFSA, it will intervene to address its regulatory concerns. In such circumstances, the DFSA may issue a private warning to persons and/or firms who have engaged in the conduct. The purpose of the warning is to inform the person or firm that their participation in such conduct has the potential to contravene DFSA administered laws and may result in regulatory action, including the imposition of sanctions. The Enforcement Division issued four private warnings in 2014.

Complaints Management

Tips and allegations of misconduct are important sources of 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 received 175 complaints in 2014. The DFSA strives to respond to all complaints within 24 hours and resolve them within 28 days. 95.4% of complaints were analysed and finalised within 28 days of receipt. Complaints which were not resolved within 28 days were subject to further review and scrutiny.

Unsurprisingly, a large proportion of complaints related to the distribution of a financial service or product. However, an equally large proportion of complaints related to the promotion of scams.

DFSA 2014 Complaints: Type of complaints received

3 Financial Promotion
75 Financial Service/Product Distribution
1 Market Conduct
9 Money Laundering
74 Scam
13 Other

Scams

The DFSA believes the best way to protect consumers from scammers is to educate them about contemporary scamming techniques and activities. The DFSA issued 18 consumer alerts in 2014. The types of scams that came to the attention of the DFSA included advance fee scams, cloning scams and scams in which the identities of the DFSA, DIFC and firms within the DIFC and/or their employees were stolen or misused. The DFSA only issues alerts about scams where the fraudulent conduct affects the integrity of the DIFC.

Collaboration With Other Regulators

Co-operation and collaboration in financial services regulation is imperative if regulators are to achieve their objectives, fulfil their mandates and deter misconduct in a credible way. Regulators achieve this by supporting each other's regulatory and enforcement activities and sharing information.

Agencies that collaborated with the DFSA on enforcement activities during 2014 included:

- Australian Securities and Investments Commission;
- Autorité des Marchés Financiers, France;
- Central Bank of the UAE;
- Dubai Police;
- Dubai Public Prosecution;
- Egyptian Financial Supervisory Authority;
- Emirates Securities and Commodities Authority;
- Financial Conduct Authority, UK;
- Guernsey Financial Services Commission;
- Netherlands Authority for the Financial Markets;
- New Jersey Bureau of Securities.
- Securities and Exchange Commission, USA; and
- Swiss Financial Market Supervisory Authority.

The Enforcement Divisions of the DFSA and the SCA now collaborate on a range of activities of mutual interest, including joint investigations and training initiatives. In 2014, the DFSA extended this collaboration to other regional enforcement agencies, such as the Dubai Police and regulators.

Corporate Governance

Behaviour and standards of conduct in financial services are enhanced when the governors of financial institutions apply good corporate governance practices. The Enforcement Division has identified that many of the contraventions of DFSA-administered laws and rules investigated by the Division have arisen because of failures in corporate governance practices.

In recognition of the impact of corporate governance on the behaviour of individuals and institutions, the Enforcement Division conducted a thematic review on Corporate Governance of all financial institutions in the DIFC. The review examined 12 key governance themes and the findings of the review were published and made available on the DFSA website, under DFSA Publications.

The Office of the General Counsel/Board Secretariat

The General Counsel provided timely advice and support to the Board of Directors and its committees including preparation of 23 formal papers regarding governance, statutory obligations, reporting, administrative procedures and legal risks faced by the DFSA in 2014.

The Office also managed the review and renewal of various contracts, permits and insurance policies and worked closely with the Board's Governance and Nominations Committee regarding the review of ethical standards for Board members and employees. The General Counsel made presentations on ethical conduct and integrity for in-house training of all employees.

New amendments to the DIFC Regulatory Law abolished the RAC and changed the jurisdiction of the FMT. This necessitated an overhaul of the Executive's decision-making process and delegations, along with identification and appointment of a new FMT panel with a wider range of expertise.

The General Counsel worked with DIFCA and the DIFC Courts regarding legislative and public policy issues that affect the DFSA's relationships and role as the independent regulator for the Centre. The DFSA commented on legislation proposed by the other Centre Bodies, primarily during the drafting phase prior to public consultation. The General Counsel also served on the Courts' Users Committee and Education Sub-committee.

Beyond the DIFC, the General Counsel commented on UAE and Dubai legislative proposals and also worked closely with the UAE Ministry of Finance, CBUAE, SCA and the Insurance Authority of the UAE (IA) regarding negotiation and implementation of an intergovernmental agreement between the UAE and the US to facilitate the operation of FATCA. The FATCA project also required co-ordination with the DIFC RoC and legal and IT consultants hired by the federal officials.

Board Secretariat

In 2014, the General Counsel assumed additional duties as Board Secretary. In addition to his on-going responsibilities related to legal advice and maintenance of the Board's constitution, Code of Values and Ethics and committee terms of reference, he became the primary contact between the Executive and the Board. The Secretary also managed the business of the Board, including meeting agendas, minutes and registers of Board members' affiliations and other disclosures.

International Relations

Regulatory Co-Operation

Co-operation with fellow supervisors and regulators continued to be the key objective for International Relations this year. The DIFC Regulatory Law allows the DFSA to obtain and share information on behalf of supervisory and enforcement agencies facilitated by a network of multi-lateral and bi-lateral MoUs. The Division is responsible for the negotiation and finalisation of four multi-lateral and 91 bi-lateral MoUs.

In 2014, the DFSA consolidated its formal arrangements with two important jurisdictions. In May, the DFSA signed an MoU with the Financial Supervisory Authority of Egypt, updating and extending arrangements put in place in September 2006 when an MoU was signed with its predecessor, the Egyptian Capital Markets Authority, the first MoU at the time with another Middle Eastern securities regulator outside the UAE.

In June, the Chief Executive signed an MoU with his counterpart at the UK Prudential Regulation Authority (PRA). The PRA was established in April 2013 with responsibility for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. As the home regulator of a number of significant firms authorised by the DFSA to conduct business in and from the DIFC, the PRA is one of the DFSA's most important relationships. This new MoU completed the DFSA's recognition of the UK's move towards a twin peaks approach to supervision and followed the signing of an MoU with the Financial Conduct Authority in 2013.

As the supervisor of subsidiaries and branches of banks and insurers with international links, the DFSA has deepened its participation in the work of supervisory colleges. The DFSA participated in 10 supervisory colleges in 2014 and in November hosted a college.

During the year, the DFSA exchanged regulatory information with fellow regulators around the world.

The DFSA's participation in supervisory colleges and in the work of the standard setters also provides opportunities for bilateral engagement and discussion on operational issues with key counterparts. This is supplemented by visits from international delegations, which allow not only insights into the DIFC's regulatory regime but a chance to share views and intelligence on matters of common interest. In 2014, the DFSA received 32 such delegations.

For a regulator of an international centre like the DIFC, regular and reliable exchange of information is the bedrock of effective oversight of those firms that operate across borders. As the number of Authorised Firms and the volume of transactions have increased so have the number of regulatory requests made to and from the DFSA by its fellow regulators. During the year some 78 requests were made to regional and foreign regulators while the DFSA responded to 69 requests from its counterparts. These requests and responses related principally to licensing, due diligence, and surveillance, but also to policy research and general referrals.

Interaction and co-operation with supervisors and regulators in the region has always been a priority for the DFSA. In 2014, the DFSA continued its on-going meetings and co-operation with its federal counterparts – the CBUAE, the SCA, and the IA.

The DFSA was present for the first time at meetings of the National AML Committee which, with the AMLSCU, oversaw significant enhancements to the federal AML/CTF regime.

During 2014, the DFSA deepened its participation in the Union of Arab Securities Authorities (UASA), joining securities regulators from 15 countries - Jordan, Tunisia, Algeria, Saudi Arabia, Iraq, Oman, Palestine, Qatar, Kuwait, Lebanon, Libya, Egypt and Morocco, in addition to federal colleagues at SCA.

The UASA's vision to enhance the legislative and regulatory level of the Arab capital markets with a view to achieving fairness, efficiency and transparency has a resonance with the DFSA's vison and values and underlines the importance of the union's role.

The DFSA also participated in the work of its regional forum, IOSCO's AMERC, at its 32nd meeting in Livingstone, Zambia. At the IOSCO Annual Meeting in Rio de Janeiro, DFSA worked with AMERC to discuss and educate other regulators regarding emerging risks developments in Islamic finance.

Bi-laterally, the DFSA engaged with two new regulators in the region, the Capital Market Authority of Kuwait and the Capital Market Authority of Lebanon, opening discussions on capacity building initiatives with both jurisdictions. Senior executives from the DFSA also reached out to the largest market in the region, the Kingdom of Saudi Arabia, visiting counterparts at the Capital Market Authority and the Saudi Arabian Monetary Authority to explore co-operative initiatives and gain perspectives from the only G-20 and FSB member in the region.

Operations and HR

Finance

In the course of 2014 the important decision was made to change the basis of presentation of the DFSA's annual accounts and to prepare them in accordance with International Public Sector Accounting Standards (IPSAS). In 2014, the DFSA controlled its expenditure within the approved budget and received clean audit opinions from the external and internal auditors.

Reviews of the DFSA's Finance policies and Operational Authority Matrix were conducted and changes were approved by the Audit Committee. The Finance Department continued to improve operational efficiencies and established tighter internal controls.

Information Technology

The IT Department further developed and introduced systems that enable the efficient use of technology while further building on the security and robustness of the corporate network and infrastructure. Numerous projects were successfully implemented including enhancements to the core regulatory system, integration of key internal systems, improved data analytics and real-time reporting through business intelligence dashboards.

IT Security continued to be of high importance with various initiatives including infrastructure improvements to strengthen the security of the DFSA's systems and networks. The department also continued to ensure that it adopts and benchmarks itself against international best practice IT governance and cyber security standards.

Extensive external network penetration testing was conducted for the ninth consecutive year by independent security specialists.

Human Resources

2014 saw employee turnover fall to 3.8%, a historic low, from a high of 12.6% in 2013. The average length of service is now over five years.

The DFSA continued to invest in employee development, with a second leadership development event taking place offsite for the whole of the extended Senior Management Group. Investment in higher education also continued, with eight employees engaged in further studies. More broadly employees received an average of 6.1 days of off-job training in 2014.

The DFSA continued to pursue its goal to be an employer of choice by drafting a 'Family Friendly Policy' which supports employees with family matters by allowing changes to working hours. This policy will be introduced in Q1 2015.

External consultants undertook a review of the functioning and effectiveness of the HR Department, with an in depth review of the Learning and Development activities and the TRL Programme. The conclusion of the review was that the HR function performs outstandingly well.

Corporate Affairs

Corporate Communication

Over the past 12 months, the Department's primary focus was the delivery of regular, open and transparent dialogue with stakeholders, locally and internationally, in English and in Arabic. The aim was to extend the DFSA's reach through media network and sound PR management, explaining the work of the DFSA and our role in sharing information. The DFSA's role included our ongoing work in issuing alerts, highlighting scams, managing enquires and providing timely and accurate information to stakeholders.

This year, the Corporate Communications team focused on topics that included:

- Highlighting reform in financial regulation more generally;
- Advising on Rulebook amendments;
- Ensuring financial stability in the Centre;
- Addressing consumer protection;
- Discussing the DFSA's enforcement actions in more detail; and
- Celebrating the DFSA's 10th anniversary.

This year, the Corporate Communications team produced 24 publications, including:

- Markets Brief, a bi-lingual publication;
- The DFSA in Action, Volume 11, a bi-lingual publication;
- Corporate Governance Thematic Review 2013, a bi-lingual publication;
- Audit Monitoring Report 2013, a bi-lingual publication;
- DFSA's Annual Report 2013, a bi-lingual publication; and
- The Tomorrow's Regulatory Leaders Programme leaflet in English.

In March, the DFSA launched Bawabaty, or "My Gateway", an initiative to improve the work readiness of UAE Nationals and to inform and engage the local community. This is part of our wider Corporate Social Responsibility (CSR) programme which extends to engaging locally with key organisations and other agencies to provide financial education and improve the community in which the DFSA operates.

The DFSA's position at the heart of the financial industry in Dubai and the DIFC gives it an important role in promoting responsible financial conduct and financial education. In March, the DFSA launched Bawabaty, or 'My Gateway', an initiative to improve the work readiness of UAE Nationals joining the workforces of the future and to reach out to educate and engage the local community.

Projects and Planning

The Department continued to work across the organisation on key projects and process improvement work. This work encompassed the planning and delivery of numerous events hosted by the DFSA for international standard-setting organisations and the DFSA's own 10th anniversary commemorative event.

Business Excellence and stakeholder management

The newly created function undertook a major initiative to map our current engagement with stakeholders with the aim of deepening relationships with key local and regional counterparts and stakeholders.

Looking Forward

WHEN OUTLINING THE DFSA'S BUSINESS PLAN FOR 2015/2016, THREE STRATEGIC THEMES WERE IDENTIFIED AS BEING RELEVANT AND IMPORTANT TO THE DEVELOPMENT OF THE DFSA.

Over the 2015 and 2016 period, the DFSA's activities will be guided by the strategic themes of Delivery, Sustainability and Engagement.

In our business planning in recent years, we had focused on the themes of Quality, Collaboration and Internationalisation. With the DIFC becoming more established and playing a greater role in the regional financial services sector, in addition to the increased cumulative regulatory experience of the DFSA, we felt the time was right to review these themes and adjust them to reflect the emphasis of our work going forward.

Before developing the new themes, we evaluated, in depth, the impact of economic and political developments, assessed the recent and anticipated growth of the DIFC, considered the evolving role of the international regulatory community and reviewed our internal risk tolerance. Having debated all of these issues internally, the three strategic themes were determined best to reflect areas of emphasis for the DFSA.

Delivery relates to the DFSA executing our core function with professionalism and efficiency.

Given the continued increase in the depth and breadth of activity in the Centre, we need to ensure that we continue to deliver world-class regulation in the DIFC. The approaching conclusion of major revisions to global financial standards, after the global financial crisis, has led to an increased focus on implementation of those standards, in both rules and practices. This will drive us to make careful preparation for the forthcoming review of the DIFC to be undertaken by bodies such as the IMF, FATF and MENA FATF. The slow-down in changes to global standards will further support our existing commitment to reduce the pace of significant Rulebook changes, with the aim of reducing the incremental burden on our regulated population.

We will retain our supervisory focus in addressing AML/CTF, sanctions and other financial crime issues, in keeping with the DFSA's risk tolerance. We will

emphasise supervision of conduct risks, including client classification and suitability, while providing appropriate attention to firms expected to have rapid balance sheet growth. More generally, the quality of governance among the regulated population will also remain a focus, as failures here are often at the heart of enforcement activity. We will continue to take enforcement action where it is relevant and appropriate, with an increased emphasis on individual accountability.

Through refinements to early warning systems of emerging risks, and other innovations, we will improve our responsiveness. In terms of internal operational efficiencies, we will deliver creative process and IT solutions.

Sustainability is about positively shaping our environment and our organisation for the long-term.

This theme has been largely driven by the increased maturity of the DIFC and our organisation. It involves enhancing organisational robustness and resilience, including by refining and embedding clear, efficient and scalable regulatory and non-regulatory processes. There will be efforts to improve cost recovery from our regulated population over the longer-term, though major changes are not expected in the near-term. We will continue our support of the Dubai Government strategy, including the Islamic economy initiative and developing the DIFC more generally in a sustainable way through on-going dialogue with DIFC and other bodies. We remain strongly committed to developing UAE National capability, through our training and leadership programmes, and to improving UAE National representation throughout our organisation.

Engagement relates to thoughtfully and actively engaging with our key stakeholders.

We will continue to work closely with firms to promote understanding of our regulatory regime and involve firms, and other stakeholders, in shaping the regime through our consultation process. Locally, we will look to continue to build on the existing good foundations, so there are strong and effective relationships with Dubai and UAE authorities. Relationships with other regulators in the UAE and overseas will remain a key part of our work. Robust operational relationships will be maintained and, where necessary, strengthened, in jurisdictions from which we have a substantial number of branches and subsidiaries, and those we expect will have increased regulatory importance. We will place greater emphasis on regional engagement. Targeted work with key global standard-setters will continue, with a focus on retaining our existing strong standing.

DFSA 2015/2016 Business Plan Summary

DFSA 2015/2016 Business Plan Summary		
Vision	• Be an internationally respected regulator and a role model for financial services regulation in the Middle East	
Mission	• To develop, administer and enforce world-class regulation of financial services in the DIFC	
Regulatory Approach	• To be risk-based and to avoid unnecessary regulatory burden	
Strategic Themes in Action		
Delivery Execute core functions with professionalism efficiency	Deliver world-class regulation and effective enforcement	• Undertake thorough preparations for and follow-up to the FSAP and FATF assessments and provide any requested input to other UAE authorities • Focus on proportionate DIFC appropriate implementation of international standards • Pursue Rulebook simplification where possible • Take relevant and appropriate enforcement action
	Be more agile through early warning systems and innovation	• Refine existing warning systems to ensure responsiveness to emerging risks • Explore indicators for identifying system-wide misconduct
	Maintain quality as DIFC scale increases	• Pursue efficiencies without comprising on quality (e.g. refinements to risk-based regulation) • Be creative in delivering process and IT solutions as part of maintaining operating excellence
Sustainability Positively shape our environment and organisation for the long-term	Enhance organisational robustness and resilience	• Build clear, efficient and scalable regulatory and non-regulatory processes. develop better knowledge management systems. Match recruitment and development to manpower needs • Improve cost recovery
	Support Dubai Government strategy and DIFC development	• Continue alignment with DIFC and Dubai Government strategy (including Islamic Economy Initiative) • Continue dialogue with DIFC bodies to support sustainable growth of the centre
	Build UAE National capability	• Continue to build regulatory capacity via the TRL Programme and other initiatives (e.g. international secondents) • Strive to improve UAE National representation throughout the DFSA

Engagement Thoughtful and active engagement with key stakeholders	**Regulated forms and key home regulators**	• Regulate in a consistent transparent and risk-based manner • Continue outreach activities to promote understanding of the regulatory regime • Maintain sound relationships with regulators in key jurisdictions and develop relationships in jurisdictions anticipated to have increased importance
	MENA/GCC Regulators	• Place greater emphasis on regional engagement and representation on regional fora in keeping with the growing role of the DIFC in the region
	Dubai and UAE authorities	• Continue building relations with Dubai and UAE bodies
	Global standard-setters	• Retain our standing among key global standard-setters

Strategic Themes in Action		
Financial Crime	**Conduct and Prudential**	**Standard Alignment**
• Be vigilant in addressing AML/CTF, sanctions and other crime issues • Strengthen existing relationships with relevant local and federal bodies to mitigate financial crime risks	• Continue to target conduct risks while giving appropriate attention to prudential risks, particularly from firms expected to have rapid balance sheet growth	• Demonstrate effective implementation of international regulatory standards via the FSAP and FATF process • In relevant areas, continue to align with EU standards. Uphold commitment to simplify the Rulebook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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 statement of financial position as at 31 December 2014 and the statement of financial performance, statement of changes in equity and cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory information in Notes 1 to 18.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial 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 judgement, including the assessment of the risks of material misstatement of 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 also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 financial statements present fairly, in all material respects, the financial position of the DFSA as of 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

PricewaterhouseCoopers

Dubai, United Arab Emirates 11 February 2015

Dubai Financial Services Authority
Balance Sheet
(for the year ended 31st December 2014)

		2014	2013	2012
	Notes	AED'000	AED'000	AED'000
Assets				
Non-current assets				
Property and equipment	5	3,853	4,030	3,170
Intangible assets	6	6,772	3,505	3,116
		10,625	7,535	6,286
Current assets				
Prepayments and receivables	7	19,308	16,446	12,375
Cash and bank balances	8	80,156	67,044	55,192
		99,464	83,490	67,567
Total assets		110,089	91,025	73,853
Equity				
Contributed capital and reserves				
Contributed capital		5,755	5,755	5,755
Regulatory reserve	2.11	54,760	46,702	38,118
Litigation reserve	2.12	1,293	1,293	1,009
Employees' end of service benefit scheme cumulative actuarial loss	9	(3,984)	(2,342)	(3,860)
Total equity		57,824	51,408	41,022
Liabilities				
Current liabilities				
Fee income received in advance	2.10	31,115	29,391	23,921
Creditors, accruals and other liabilities	10	17,166	7,884	5,050
Defined benefit plan net liabilities	9	3,984	2,342	3,860
		52,265	39,617	32,831
Total liabilities		52,265	39,617	32,831
Total equity and liabilities		110,089	91,025	73,853

These financial statements were approved for issue by the Board of Directors on 11th February 2015

Signed on behalf of the DFSA Board

The notes on pages 76 to 89 form an integral part of these financial statements

Dubai Financial Services Authority
Statement of financial performance
(for the year ended 31st December 2014)

		2014	2013
	Notes	AED'000	AED'000
Appropriations from the Government	2.10	117,440	117,440
Fee income	2.10	41,917	38,005
Other income	13	155	449
Total income		159,512	155,894
General and administration expenses	14	(139,019)	(134,288)
Board of Directors' remuneration and expenses	16	(12,098)	(12,205)
Financial Markets Tribunal and Regulatory Appeals Committee expenses		(337)	(533)
Total expenses		(151,454)	(147,026)
Surplus for the year		8,058	8,868

The notes on pages 76 to 89 form an integral part of these financial statements

DUBAI FINANCIAL SERVICES AUTHORITY STATEMENT OF CHANGES IN EQUITY

(FOR THE YEAR ENDED 31ST DECEMBER 2014)

	CONTRIBUTED CAPITAL	REGULATORY RESERVE	LITIGATION RESERVE	EMPLOYEES' END OF SERVICE BENEFIT SCHEME CUMULATIVE ACTUARIAL LOSS	ACCUMULATED SURPLUS	TOTAL
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1st January 2013	5,755	38,118	1,009	(3,860)	-	41,022
Surplus for the year	-	-	-	-	8,868	8,868
Transfer to litigation reserve (Notes 2.12,13)	-	-	284	-	(284)	-
Transfer to regulatory reserve (Note 2.11)	-	8,584	-	-	(8,584)	-
Remeasurement of employee's end of service benefit obligation (Note 9)	-	-	-	1,518	-	1,518
At 31st December 2013	5,755	46,702	1,293	(2,342)	-	(51,408)
Surplus for the year	-	-	-	-	8,058	8,058
Transfer to litigation reserve (Notes 2.12,13)	-	-	-	-	-	-
Transfer to regulatory reserve (Note 2.11)	-	8,058	-	-	(8,058)	-
Remeasurement of employee's end of service benefit obligation (Note 9)	-	-	-	(1,642)	-	(1,642)
At 31st December 2014	5,755	54,760	1,293	(3,984)	-	(57,824)

The notes on pages 76 to 89 form an integral part of these financial statements

Dubai Financial Services Authority
Cash Flow Statement
(for the year ended 31st December 2014)

	Notes	2014 AED'000	2013 AED'000
Operating activities			
Surplus for the year	-	8,058	8,868
Adjustments for the following items:	-	-	-
Depreciation	5	2,183	1,846
Amortisation	6	2,221	1,771
Loss/(Profit) on disposal/write off of property and equipment	-	-	7
Interest income	13	(155)	(165)
Operating cash flows before payment of employees' end of service benefits, payment of amount payable to Government of Dubai and movements in working capital		12,307	12,327
Changes in working capital:			
Prepayments and receivables, net of interest receivable	-	(2,768)	(4,213)
Fee income received in advance	-	1,724	5,469
Creditors, accruals and other liabilities, net of amount payable to Government of Dubai	10	9,282	2,834
Net cash generated from/(used in) operating activities		20,545	16,417
Investing activities			
Purchase of property and equipment and intangible assets	5,6	(7,494)	(4,875)
Proceeds from sale of property and equipment	-	-	3
Increase in fixed deposit accounts with original maturity of more than three months	8	-	5,600
Interest received	-	61	307
Net cash generated from investing activities	-	(7,433)	1,035
Net increase/(decrease) in cash and cash equivalents	-	13,112	17,452
Cash and cash equivalents, beginning of the year	8	67,044	49,592
Cash and cash equivalents, end of the year	8	80,156	67,044

The notes on pages 76 to 89 form an integral part of these financial statements

Dubai Financial Services Authority Notes to the Financial Statements (for the year ended 31st December 2014 and 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

2.1 Basis of preparation

Effective 1 January 2014, the DFSA adopted International Public Sector Accounting Standards ("IPSAS") in order to better present its financial position and financial performance, accordingly, the financial statements have been prepared in accordance with IPSAS, comparative numbers have been restated (Note 18) and statement of financial position as at 31 December 2012 has been presented. Where an IPSAS does not address a particular issue, the relevant International Financial Reporting Standard ("IFRS") has been applied.

These financial statements are the first to be prepared in accordance with IPSAS. The adoption of IPSAS has required changes to be made to the accounting policies previously followed by the DFSA as defined in the financial statements for the year ended 31 December 2013. The adoption of new accounting policies has resulted in changes to the assets and liabilities recognised in the statement of financial position with no effects on the statement of financial performance. While the DFSA has adopted IPSAS as its reporting framework, it operates as an independent regulatory authority and its budgets are not made publicly available, therefore the Directors do not consider it appropriate to publish budget information (IPSAS 24).

The financial statements have been prepared under the historical cost convention. The cash flow statements are prepared using the indirect method. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Future Changes in Accounting Policies –

International Public Sector Accounting Standards (IPSAS) Issued but not Applied

- IPSAS 32: "Service concession arrangements: Grantor" (effective 1 January 2014)
- Improvements to IPSAS

2.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The historical cost consists of expenses related directly to the acquisition of the asset.

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:

	Year
Leasehold improvements	5
Fixtures and fittings	3
Office equipment	3
Computer equipment	3
Motor vehicles	3

Capital work-in-progress, comprising both leasehold improvements and computer equipment, is stated at cost and transferred to the appropriate asset category when it is brought into use.

Subsequent costs incurred are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential over the total life of the asset in excess of the most recently assessed standard of performance of the asset will flow to the DFSA.

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.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of performance. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.3 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives of 3 years. The estimated useful lives are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis. Capital work-in-progress relates to computer software, is stated at cost and transferred to the appropriate asset category when it is brought into use.

2.4 Impairment

At the end of each reporting period, the DFSA reviews the carrying amounts of its cash and non-cash generating assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised immediately in the statement of performance, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimation of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of performance, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.5 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.

2.6 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Dubai Financial Services Authority Notes to the Financial Statements (for the year ended 31st December 2014 and 2013)

2.7 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivables can be measured reliably.

2.8 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.

2.9 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the DFSA, being the currency in which the majority of its transactions are denominated, is the Arab Emirates Dirham (AED).

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

2.10 Revenue recognition

Revenue from non-exchange transactions

- Funds received from and remitted to the Government

The DFSA receives grants from the Government for general purposes, to enable the DFSA to carry on its operations. The DFSA recognises revenues from grants when the right to receive the grant is established and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Where such grants have no stipulations attached to them, and no performance obligations imposed by the Government, the DFSA recognises an asset (cash or an appropriate asset) and revenue in the financial statements.

Funds received in advance from the 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 recognised 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. (Note 4)

Revenue from exchange transactions

The DFSA recognises revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably and where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

- 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.

- Interest income

  Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable. Interest income is classified as unrestricted other income as it is generated in most from the DFSA's unrestricted term deposits.

2.11 Regulatory reserve

The regulatory reserve is a reserve set up by the Board to meet contingencies arising from the discharge of the 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.

2.12 Fines, litigation cost recoveries and litigation reserve

Effective from 1 January 2012, fines levied by the DFSA in connection with breaches of regulations by regulated entities 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 12).

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.

Prior to 1 January 2012, fines levied and collected by the DFSA in connection with breaches of regulations by regulated entities in the DIFC were not considered as income earned by the DFSA in the normal course of business and were remitted directly to Government.

2.13 Employee benefits and post-employment benefits

The cost of providing benefits under defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in the statement of changes in equity.

The past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service costs not yet recognised and less the fair value of the plan assets out of which the obligations are to be settled. The present value of the defined benefit obligation is determined by discounting the expected future cash flows by a discount factor that represents the time value of money determined by reference to corporate bond rates. The value of any plan asset is restricted to the sum of the past service costs not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

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U.A.E National employees in the United Arab Emirates are members of the Government-managed retirement pension and social security benefit scheme. As per Federal Labour Law No. 7 of 1999, the DFSA has contributed and recognised a liability of 15% of the "contribution calculation salary" of U.A.E. payroll costs to the retirement benefit scheme to fund the benefits

Dubai Financial Services Authority Notes to the Financial Statements (for the year ended 31st December 2014 and 2013)

for the U.A.E. National employees. Pension contributions in respect of UAE nationals under a defined contribution scheme are recognised as an expense in the period to which they relate.

2.14 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets of the arrangement conveys a right to use the asset, even if that right is not explicitly in an arrangement.

Operating lease payments are recognised as an expense in the statement of performance on a straight line basis over the term of the lease.

2.15 Financial Instruments

Financial assets and financial liabilities are recognised when the DFSA becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value and the difference between the fair value and the consideration given or received is recognised in the statement of financial performance. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of financial performance.

3 Financial Risk Management

3.1 Financial risk factors

The DFSA's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest risks), credit risk and liquidity risk. The DFSA's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of these risks on the DFSA's financial performance.

a) Currency risk

The DFSA is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities in the financial statements. Transactions in US Dollars have limited foreign exchange risk as the UAE Dirham is pegged to the US Dollar and accordingly the DFSA's foreign exchange risk with respect to such transactions is insignificant.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect the net finance cost or income of DFSA. The DFSA does not have assets and liabilities that are materially dependent on interest rate levels therefore; management believes that the DFSA has no exposure to interest rate risk.

c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the DFSA. The DFSA is exposed to credit risk on its debtor accounts. The DFSA seeks to reduce the credit risk by monitoring existing outstanding debtor's balances.

3.2 Fair value estimation

The carrying values of financial assets and financial liabilities of the DFSA approximate their fair values.

4 Key judgment and source of estimation and uncertainty

In the application of the DFSA's accounting policies, which are described in Note 2, the Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if, the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Judgment in respect of contribution without stipulation

The management at the DFSA determines that the received contributions from the Department of Finance in Dubai are unrestricted as no set conditions or stipulations by rules or regulations are imposed nor are there any requirements for the DFSA to return any excess funding received and any returns will be considered as distribution to the sole owner of the DFSA "the Dubai Government".

Employee benefits and post-employment benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The appropriate discount rate is determined at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the DFSA considers the interest rates of corporate bonds.

DUBAI FINANCIAL SERVICES AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
(FOR THE YEAR ENDED 31ST DECEMBER 2014 AND 2013 – CONTINUED)

5 Property and Equipment

	Leasehold improvement	Fixtures and fittings	Office equipment	Computer equipment	Capital work in progress	Total
In AED'000						
Cost						
At 1st January 2014	14,581	4,376	678	12,912	213	32,760
Additions	139	30	113	1,626	98	2,006
Transfer from capital work in progress	26	-	-	213	(239)	-
Write off	-	(13)	(53)	(434)		(500)
At 31st December 2014	14,746	4,393	738	14,317	72	34,266
Depreciation						
At 1st January 2014	13,869	4,103	607	10,151	-	28,730
Charge for the year	194	128	49	1,812	-	2,183
Write off	-	(13)	(53)	(434)	-	(500)
At 31st December 2014	14,063	4,218	603	11,529	-	30,413
Net book amounts						
At 31st December 2014	683	175	135	2,788	72	3,853
At 31st December 2013	712	273	71	2,761	213	4,030
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	61	1,545	-	1,846
Disposals/write off	-	(22)	(188)	(1,068)	-	(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

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2014 And 2013 – Continued)

6 Intangible Assets	Software	Capital work in Progress	Total
In AED'000			
Cost			
At 1st January 2014	12,672	1,267	13,939
Additions	2,545	2,943	5,488
Transfer from capital work in progress	2,696	(2,696)	-
Disposals/write off	-	-	-
At 31st December 2014	17,913	1,514	19,427
Depreciation			
At 1st January 2014	10,434	-	10,434
Charge for the year	2,221	-	2,221
Disposals/write off	-	-	-
At 31st December 2014	12,655	-	12,655
Net book amounts			
31st December 2014	5,258	1,514	6,772
At 31st December 2013	2,238	1,267	3,505
Cost			
At 1 January 2013	11,535	244	11,779
Additions	194	1,966	2,160
Transfer from capital work in progress	943	(943)	-
Disposals/write off	-	-	-
At 31st December 2013	12,672	1,267	13,939
Depreciation			
At 1 January 2013	8,663	-	8,663
Change for the year	1,771	-	1,771
Disposable/write off	-	-	-
At 31st December 2013	10,434	-	10,434
Net book amounts			
At 31st December 2013	2,238	1,267	3,505
At 31st December 2012	2,872	244	3,116

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2014 And 2013 – Continued)

7 Payment and Receivables			
	2014	2013	2012
	AED'000	AED'000	AED'000
Prepayments	18,895	16,109	12,116
Staff advances	312	266	101
Other receivables	101	71	158
Total	19,308	16,446	12,375

8 Cash and bank balances			
	2014	2013	2012
	AED'000	AED'000	AED'000
Cash in hand	24	18	19
Current accounts	25,926	43,318	21,273
Fixed deposit accounts	54,206	23,708	33,900
Total cash and bank balances	80,156	67,044	55,192
Less: Fixed deposit accounts with original maturity of more than 3 months	-	-	(5,600)
Cash and cash equivalents	80,156	67,044	49,592

All bank balances are held with banks having good reputation in the United Arab Emirates. The interest rate on fixed deposit accounts was in the range of 0.075% to 0.45% per annum for the year ended 31 December 2014 (2013: 0.07% to 0.55%).

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2014 And 2013)

9 Employees' end of service benefits

The following summarises the components of net defined benefit expense recognised in the statement of performance:

	2014	2013
	AED'000	AED'000
Current service cost	3,992	4,699
Net defined benefit expense	3,992	4,699

	2014	2013
	AED'000	AED'000
Defined benefit obligation	26,287	21,686
Fair value of plan assets	22,303	19,344
Defined benefit liability	3,984	2,342

Changes in the present value of the defined benefit obligation are as follows:

	2014	2013
	AED'000	AED'000
Obligation at beginning of the year	21,686	21,574
Current service cost	3,992	4,699
Interest cost	830	-
Actuarial loss/(gains) on obligation	1,622	(1,373)
Benefits paid from plan	(1,843)	(3,214)
Obligation at end of the year	26,287	21,686

Changes in the fair value of plan assets are as follows:

	2014	2013
	AED'000	AED'000
Fair value of plan assets at the beginning of the year	19,344	17,714
Employer contribution	4,870	4,699
Expected return on plan assets	167	-
Actuarial (losses)/gains	(235)	145
Benefits paid from plan	(1,843)	(3,214)
Fair value of plan assets at end of the year	22,303	19,344

Plan assets comprise of the following:

	2014	2013	2012
Cash at bank	100%	100%	100%

The significant actuarial assumptions in calculating the defined benefit obligation are estimates of the long term salary growth rate of 4% (2013: 4%), the discount rate representing the time value of money of 3.25% (2013: 4%) and the rate of withdrawal of employees from the scheme of 7% (2013: 7%).

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2014 And 2013 – Continued)

9 Employees' end of service benefits (continued)

Remeasurement of employees' end of service benefit obligation includes actuarial losses of AED 1,857,000 and the gains related to the remeasurement of the opening liability of AED 215,000.

The sensitivity of the defined benefit obligation to changes in these assumptions (on the basis that the other assumptions remain the same) is:

	Estimate	Change in assumption	Increase / (Decrease) in defined benefit obligation AED '000
Salary growth rate	4%	+1% / -1%	2,071 / (1,847)
Discount rate	3.25%	+1% / -1%	1,780 / (2,037)
Withdrawal rate	7%	+2% / -2%	(314) / 369

10 Creditors, accruals and other liabilities

	2014	2013	2012
Trade creditors	2,094	2,369	2,037
Employee related accruals	13,522	3,824	1,887
Other accruals	1,550	1,691	1,126
Total	17,166	7,884	5,050

Related party transactions and balances

The DFSA is an independent regulator responsible for the regulation of financial and related activities at the Dubai International Financial Centre and operates to achieve the goals and the policies set by the Dubai Government.

Related parties comprise the Government of Dubai, key management, and entities that operate together to achieve the policies of the government in Dubai. Balances with related parties arise from commercial transactions in the normal course of business on an arm's length basis. Transactions with related parties comprise:

Related Party Transactions:	2014	2013
	AED'000	AED'000
Cash received from the Government of Dubai	117,440	117,440
Revenue recognised during the year	117,440	117,440

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2014 And 2013 – Continued)

11 Key management compensation

Key management are those nine (2013: nine) individuals having authority and responsibility for planning, directing and controlling the activities of the DFSA. Their compensation during the year is:

	2014	2013
	AED'000	AED'000
Salaries and performance bonus	16,196	15,112
Other emoluments and benefits	4,587	4,336
Total	20,783	19,448

Refer to note 16 for details of the Board of Directors' costs

12 Appropriation to litigation reserve

Year ended 31 December	2014	2013	2012
	AED'000	AED'000	AED'000
Fines levied (Note 13)	-	284	1,563
Litigation cost recoveries	-	-	569
	-	284	2,132
Less: Litigation costs incurred	-	-	(1,123)
Amount appropriated to litigation reserve	-	284	1,009

Litigation costs incurred are included in legal, consultancy and professional fees under general and administration expenses (Note 14).

13 Other income

Year ended 31 December	2014	2013
	AED'000	AED'000
Fines levied	-	284
Interest on fixed deposits	155	165
Total	155	449

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2014 And 2013 – Continued)

14 General and administration expenses		
Year ended 31 December	2014	2013
	AED'000	AED'000
Staff costs (Note 15)	110,368	107,825
Office rent	6,281	6,061
Regulatory travel, training, conferences and seminars	3,477	3,845
Communication and IT systems and equipment maintenance	3,642	3,579
Legal, consultancy and professional fees	2,649	2,144
Amortisation (Note 6)	2,221	1,771
Depreciation (Note 5)	2,183	1,846
Recruitment costs	1,066	1,075
Marketing expenses	802	717
Vehicle lease and maintenance	196	181
Software Licensing and maintenance	2,881	2,484
Loss on write off of property and equipment	-	7
Other expenses	3,253	2,753
Total	139,019	134,288

15 Staff Costs		
Year ended 31 December	2014	2013
	AED'000	AED'000
Salaries	59,968	59,447
Other benefits	45,595	43,740
Employees' end of service benefits (Note 9)	4,805	4,638
Total	110,368	107,825

16 Board of Directors' Costs		
Year ended 31 December	2014	2013
	AED'000	AED'000
Retainer fees	4,904	5,297
Attendance fees	2,251	2,318
Travelling	2,532	2,196
Other	2,411	2,394
Total	12,098	12,205

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2014 And 2013 – Continued)

17 Operating lease commitments		
The lease commitments under non-cancellable operating leases are as follows:		
Year ended 31 December	2014	2013
	AED'000	AED'000
Not later than 1 year	4,837	4,666
Later than 1 year and no later than 5 years	-	-
Total	4,837	4,666

18 Transition Adjustments			
The DFSA adopted the IPSAS accrual basis framework of accounting effective 1 January 2013 and accordingly, the following transition adjustments were applied against the financial statements as of that date:			
	As previously reported	Increase/ (Decrease)	As Related
	AED'000	AED'000	AED'000
Statement of financial position as of 31 December 2013			
Defined benefit plan liabilities	-	(2,342)	(2,342)
Statement of financial position as of 31 December 2012			
Defined benefit plan liabilities	-	(3,860)	(3,860)

The DFSA Leaver Benefit Trust represents a defined benefit scheme in accordance with the requirements of IPSAS and the associated cash held on deposit qualifies as pension plan assets. Accordingly, the asset and associated liability have been presented on a net basis in the Statement of Financial Position.

Reconciliation of equity as previously reported under DFSA accounting policies to IPSAS		
Equity	31 December 2013	1 January 2013
	AED'000	AED'000
Equity as reported under DFSA accounting policies	53,895	44,882
Employees' end of service benefit scheme cumulative actuarial loss	(2,342)	(3,860)
Other IPSAS adjustments	(145)	-
Equity as reported under IPSAS	51,408	41,022

Dubai Financial Services Authority

On pages 90-93 the financial statements have been presented in US Dollar (USD) for information purpose only unaudited (for the year ended 31st December 2014)

	Notes	2014 USD'000	2013 USD'000	2012 USD'000
ASSETS				
Non-current assets				
Property and equipment	5	1,050	1,098	864
Intangible assets	6	1,845	956	850
		2,895	2,054	1,714
Current assets				
Prepayments and receivables	7	5,265	4,482	3,373
Cash and bank balances	8	21,840	18,269	15,040
		27,105	22,751	18,413
Total assets		30,000	24,805	20,127
EQUITY				
Contributed capital and reserves				
Contributed capital		1,570	1,570	1,570
Regulatory reserve	2.11	14,922	12,727	10,388
Litigation reserve	2.12	352	352	274
Employees' end of service benefit scheme cumulative actuarial loss	9	(1,086)	(638)	(1,052)
Total equity		15,758	14,011	11,180
LIABILITIES				
Current liabilities				
Fee income received in advance	2.10	8,478	8,008	6,518
Creditors, accruals and other liabilities	10	4,678	2,148	1,377
Defined benefit plan net liabilities	9	1,086	638	1,052
		14,242	10,794	8,947
Total liabilities		14,242	10,794	8,947
Total equity and liabilities		30,000	24,805	20,127

Dubai Financial Services Authority
Statement of financial performance (presented in USD) unaudited (for the year ended 31st December 2014)

	Notes	2014 USD'000	2013 USD'000
Appropriations from Government	2.10	32,000	32,000
Fee income	2.10	11,422	10,356
Other income	13	42	122
Total income		43,464	42,478
General and administration expenses	14	(37,880)	(36,589)
Board of Directors' expenses	16	(3,297)	(3,326)
Financial Markets Tribunal and Regulatory Appeals Committee expenses		(92)	(146)
Total expenses		(41,269)	(40,061)
Surplus for the year		2,195	2,417

Dubai Financial Services Authority
Statement of changes in equity (presented in USD) unaudited (for the year ended 31st December 2014)

	Contributed capital	Regulatory reserve	Litigation reserve	Employees' end of service benefit scheme cumulative actuarial loss	Accumulated surplus	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January 2013	1,570	10,388	274	(1,052)	-	11,180
Surplus for the year	-	-	-	-	2,417	2,417
Transfer to litigation reserve (Notes 2.12,13)	-	-	78	-	(78)	-
Transfer to regulatory reserve (Note 2.11)	-	2,339	-	-	(2,339)	-
Remeasurement of employee's end of service benefit obligation (Note 9)	-	-	-	414	-	414
At 31 December 2013	1,570	12,727	352	(638)	-	14,011
Surplus for the year	-	-	-	-	2,195	2,195
Transfer to litigation reserve (Notes 2.12,13)	-	-	-	-	-	-
Transfer to regulatory reserve (Note 2.11)	-	2,195	-	-	(2,195)	-
Remeasurement of employee's end of service benefit obligation (Note 9)	-	-	-	(448)	-	(448)
At 31 December 2014	1,570	14,922	352	(1,086)	-	15,758

Dubai Financial Services Authority

Statement of cash flow (presented in USD) - unaudited
(for the year ended 31st December 2014)

	Notes	2014 USD'000	2013 USD'000
Operating activities			
Surplus for the year	-	2,195	2,416
Adjustments for the following items:			
Depreciation	5	595	503
Amortisation	6	605	483
Loss/(profit) on disposal/write off of property and equipment	-	-	3
Interest income	13	(42)	(44)
Operating cash flows before payment of employees' end of service benefits, payment of amount payable to Government of Dubai and movements in working capital	-	3,353	3,361
Changes in working capital:			
Prepayments and receivables, net of interest receivable	-	(754)	(1,148)
Fee income received in advance	-	470	1,490
Creditors, accruals and other liabilities	10	2,530	771
Net cash generated from operating activities		5,599	4,474
Investing activities			
Purchase of property and equipment and intangible assets	5,6	(2,042)	(1,328)
Proceeds from sale of property and equipment	-	-	1
Increase in fixed deposit accounts with original maturity of more than three months	8	-	1,526
Interest received	-	15	82
Net cash generated from investing activities		(2,027)	281
Net increase/(decrease) in cash and cash equivalents		3,572	4,755
Cash and cash equivalents, beginning of the year	8	18,269	13,514
Cash and cash equivalents, end of the year	8	21,841	18,269

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 31 December 2014 and 31 December 2013 by the Board and Senior Officers of the DFSA.

REMUNERATION OF THE CHAIRMAN AND NON-EXECUTIVE BOARD MEMBERS:

REMUNERATION BANDS	2014 BOARD MEMBERS	2013 BOARD MEMBERS
$50,001 to $100,000	0	1
$100,001 to $200,000	6	6
$200,001 to $250,000	2	3
>$250,001	1	1
	2014(USD)	2013 (USD)
The aggregate amount of remuneration of non-Executive members of the Board shown above.	2,188,655	2,354,648

Notes:

- Remuneration is pro-rated based on actual duration of service during the year.
- 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 2014 were USD 1,185,658 (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).
- Committee membership fees during 2014 were USD 6,779 per committee (committee Chairman fee was USD 13,557). Committee attendance fees were USD 2,711 per meeting.
- 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	2014 EXECUTIVES	2013 EXECUTIVES
USD'000	USD'000	USD'000
$300,001 to $400,000	-	1
$400,001 to $900,000	8	7
>$900,000	1	1
>$250,001	9	9
	2014(USD)	2013(USD)
The aggregate amount of remuneration of Executives shown above:	5,662,969	5,299,224

EXECUTIVE REMUNERATION INCLUDED IN THE ABOVE COMPRISED:

	2014 USD'000	2013 USD'000
Salaries and performance bonuses	4,413,028	4,117,794
Other emoluments and benefits	1,249,942	1,181,430

Notes:

- Salaries and bonuses are pro-rated based on actual duration of service during the year.
- Other emoluments and benefits include housing allowance, flight allowance, and education allowance, premium paid for medical and life and end of service accrual for the year 2014.

Authorised Firms Licensed In 2014

Authorised Firms Licensed in 2014
A
AGC Equity Partners Middle East Limited
Alkhair Capital (Dubai) Ltd
AllseasonsPTL Investment Management Limited
Amlin (Dubai) Limited
Antarah Limited
Arab-European Reinsurance Brokers Limited
Arbah Capital Limited
Ares Management LLC
AXIS Strategic Partners Limited
B
Banque Internationale à Luxembourg SA
Banque Syz & Co S.A.
Barwa Bank BDO Unibank Inc
Beazley Middle East Limited
C
Catlin Middle East Limited
CIFG Makeen Capital Limited
Citco Fund Administration (Cayman Islands) Limited Cooper Gay (MENA) Limited
Cooperative & Agricultural Credit International Bank Currencies Direct Limited
D
Dalma Capital Management Limited
E
Emerging Markets Capital Partners Limited
F
Fenchurch Faris Limited
First State Investments International Limited
Fisher Asset Management LLC
G
Global Currency Exchange Network Limited
Guidance Capital Markets (DIFC) Ltd.
H
HanseMerkur Global Insurance Management (DIFC) Limited
HDFC Bank Limited
Henner Limited
I
Infini Asset Management Limited
ING Asset Management B.V.
Invesense Asset Management Limited
ISCF Capital Limited
IR Capital Limited
K
Kitara Capital Limited
Korean Reinsurance Company
L
L&T Capital Markets Limited
La Tresorerie Limited
Latitude Capital Partners Limited
M
Market Securities (Dubai) Limited
Mitsubishi UFJ Securities International plc
N
Nasco Karaoglan France
Nomura Asset Management U.K. Limited
P
Permira Advisers (London) Limited Picard Angst MEA Limited
R
Religare Capital Markets (Hong Kong) Limited
S
Safanad (Dubai) Limited
T
TCP Corporate Advisory Limited
The Standard Bank of South Africa Limited
Tilad Investment Company Limited
TransRe Zurich Ltd
X
XL Re Europe SE

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

DNFBPs Registered in 2014

DNFBPs Registered in 2014
Baker & Mckenzie Habib Al Mulla LLP
Fintensa Investments LLC
Galadari Advocates & Legal Consultants (DIFC) Limited
Himalaya Global Limited
Nabarro (Middle East) LLP
Ov Group (UAE) Limited
Probus Consultants Limited
Watson, Farley And Williams (Middle East) LLP

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

Auditors Registered In 2014

Auditors Registered In 2014
Grant Thornton Audit and Accounting Limited (BVI)
RSM Dahman Auditors

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

Memoranda of Understanding Signed in 2014

Bi-Lateral	
UK	Prudential Regulation Authority
Egypt	Financial Supervisory Authority

Members of Authorised Market Institutions Recognised in 2014

Members of Authorised Market Institutions Recognised in 2014
Abu Dhabi Islamic Securities Co. LLC (ADIB)
Advantage Futures LLC
Al Dar Shares and Bonds
Brokerage House Securities LLC
GH Financials LLC
Jefferies LLC
Phillip Capital Inc. (formerly Phillip Futures Inc.)
Straits Financial LLC

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

New Listings in 2014

Issuer	Sector	Security	Listing Venue	Amount Raised
Agricultural Bank of China Limited	Financial Services	Medium-term Notes	NASDAQ Dubai	CNY 1,000,000,000
Al Shindagha sukuk Ltd	Travel and Leisure	sukuk	NASDAQ Dubai	USD 500,000,000
Alpha Star Holding Ltd	Property Developer	sukuk	NASDAQ Dubai	USD 650,000,000
Dar Al-Arkan sukuk Company Limited (due 2016)	Property Developer	sukuk	NASDAQ Dubai	USD 300,000,000
Dar Al-Arkan sukuk Company Limited (due 2018)	Property Developer	sukuk	NASDAQ Dubai	USD 450,000,000
Dar Al-Arkan sukuk Company Limited (due 2019)	Property Developer	sukuk	NASDAQ Dubai	USD 400,000,000
DIFC sukuk Limited	Financial Free-Zone	sukuk	NASDAQ Dubai	USD 700,000,000
DIP sukuk Limited	Free-Zone Operator	sukuk	NASDAQ Dubai	USD 300,000,000
EMG sukuk Limited	Property Developer	sukuk	NASDAQ Dubai	USD 750,000,000
Emirates NBD 2014 Tier 1 Limited	Financial Services	Perpetual Securities	NASDAQ Dubai	USD 500,000,000
Emirates NBD PJSC	Financial Services	Euro Medium-term Notes	NASDAQ Dubai	NZD 100,000,000
Emirates NBD PJSC	Financial Services	Euro Medium-term Notes	NASDAQ Dubai	USD 1,000,000,000
Emirates REIT (CEIC) Limited	Real Estate	Shares	NASDAQ Dubai	USD 201,250,000
Hong Kong sukuk 2014 Limited	Government	sukuk	NASDAQ Dubai	USD 980,000,000
Hong Kong sukuk 2014 Limited	Government	sukuk	NASDAQ Dubai	USD 20,000,000
ICD Funding Ltd	Investment Company	Euro Medium-term Notes	NASDAQ Dubai	USD 300,000,000
ICD sukuk Company Limited	Investment Company	sukuk	NASDAQ Dubai	USD 700,000,000
IDB Trust Services Limited	Financial Services	sukuk	NASDAQ Dubai	USD 850,000,000
IDB Trust Services Limited (due 2015)	Financial Services	sukuk	NASDAQ Dubai	USD 500,000,000
IDB Trust Services Limited (due 2016)	Financial Services	sukuk	NASDAQ Dubai	USD 750,000,000
IDB Trust Services Limited (due 2017)	Financial Services	sukuk	NASDAQ Dubai	USD 800,000,000
IDB Trust Services Limited (due 2018)	Financial Services	sukuk	NASDAQ Dubai	USD 1,000,000,000
IDB Trust Services Limited (due 2019)	Financial Services	sukuk	NASDAQ Dubai	USD 1,500,000,000
IDB Trust Services Limited (due 2019)	Financial Services	sukuk	NASDAQ Dubai	USD 1,500,000,000
MAF Global Securities Limited	Retail	Global Medium-term Notes	NASDAQ Dubai	USD 500,000,000
Sharjah sukuk Limited	Government	sukuk	NASDAQ Dubai	USD 750,000,000

Refer to the DFSA website for all Listings.

DFSA Administered Laws And Rules In 2014

DFSA LAWS

His Highness Sheikh Mohammed Bin Rashid Al Maktoum, in his capacity as the Ruler of Dubai, enacted the DIFC Laws Amendment Law, DIFC Law No 1 of 2014, which amended the:

- Regulatory Law 2004;
- Markets Law 2012;
- Collective Investment Law 2010;
- Law regulating Islamic Financial Business 2004;
- Investment Trust Law 2006; and
- DIFC Courts Law 2004.

The amendments to the above laws:

- revised the DFSA's tribunal arrangements, by abolishing the RAC and expanding the jurisdiction of the FMT so that it would be an appellate body for regulatory decisions made by the DFSA, strengthening the independence of review of our regulatory decisions;
- made changes to the DFSA's supervisory powers and on the DFSA's internal decision making processes;
- enhanced the DFSA's regime for the registration and oversight of auditors;
- amended the DFSA's prudential reporting forms; and
- introduced a new category of fund, QIF.

DFSA RULES

The Board of Directors made amendments to the DFSA's Rulebook and Sourcebook as follows:

- Notice of Amendment dated 14 August 2014 and rulemaking instruments 130 – 143 which made changes to the Rulebook in relation to the DIFC Laws Amendment Law, DIFC Law No 1 of 2014;
- Notice of Amendment dated 24 August 2014 and rulemaking instrument 144 which introduced a regime of depositor preference which provides protection to depositors in the event of insolvency of a Bank which is a Domestic Firm;
- Notice of Update dated 27 August 2014 which introduced the August 2014 edition of the Regulatory Policy and Process (RPP) Module of the DFSA Sourcebook incorporating changes made in relation to the DIFC Laws Amendment Law, DIFC Law No 1 of 2014;
- Notice of Amendment dated 13 November 2014 and rulemaking instrument 145 which made amendments to the regulatory fees that the DFSA charges some regulated entities;
- Notice of Update dated 23 November 2014 which introduced the November 2014 edition of the RPP

Module of the DFSA Sourcebook:

- Notice of Amendment dated 10 December 2014, rulemaking instruments 146 – 147 and guidance making instrument 9 which introduced a Code of Market Conduct, to give guidance to market participants on the market abuse provisions in the Markets Law 2012; and
- Notice of Amendment dated 10 December 2014 and rulemaking instrument 148 which made changes to the DFSA's regime in relation to the BCBS's standards for a liquidity coverage ratio and a leverage ratio.

Glossary

Glossary	
A	
AF	Authorised Firm
AMERC	Africa and Middle East Regional Committee
AML	Anti-money laundering
AMLSCU	Anti-Money Laundering Suspicious Cases Unit
ASIC	Australian Securities and Investments Commission
B	
BCBS	Basel Committee for Banking Supervision
BCG	Basel Consultative Group
BCR	Basic Capital Requirements
C	
CBUAE	Central Bank of the United Arab Emirates
CEO	Chief Executive Officer
ComFrame	Common Framework for the Supervision of Internationally Active Insurance Groups
CP	Consultation Paper
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
DNFBP	Designated Non-Financial Businesses and Professions
E	
ESBD	ES Bankers (Dubai) Limited
EU	European Union
F	
FATCA	Foreign Account Tax Compliance Act
FATF	Financial Action Task Force
FMT	Financial Markets Tribunal
FSB	Financial Stability Board
G	
GCC	Gulf Co-operation Council
H	
HK SFC	Hong Kong Securities and Futures Commission
HR	Human Resources
I	
IA	Insurance Authority of the UAE
IAIGs	Internationally Active Insurance Groups
IAIS	International Association of Insurance Supervisors
IFSB	Islamic Financial Services Board
IMF	International Monetary Fund
IOSCO	International Organisation of Securities Commissions
IT	Information Technology
L	
LegCo	Legislative Committee
List	Official List of Securities
M	
MENA	Middle East and North Africa
MoU	Memoranda of Understanding
MMoU	Multi-lateral Memoranda of Understanding
N	
NY Fed	Federal Reserve Bank of New York
O	
OECD	Organisation for Economic Co-operation and Development
P	
P&L	Policy and Legal Services Division
PRA	Prudential Regulation Authority
Q	
QIF	Qualified Investor Fund
R	
RA	Registered Auditor
RAC	Regulatory Appeals Committee
REIT	Real Estate Investment Trust
RemCo	Remuneration Committee
RoC	Registrar of Companies
S	
SCA	Emirates Securities and Commodities Authority
T	
TRL	Tomorrow’s Regulatory Leaders
U	
UAE	United Arab Emirates
UASA	Union of Arab Securities Authorities
UK	United Kingdom
US	United States

Dubai Financial
Services Authority

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