Dubai Financial Services Authority

Annual Report | 2018

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 each financial year and relate to the previous financial year. This is the DFSA's 15th Annual Report and covers the financial year ended 31st December 2018.

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

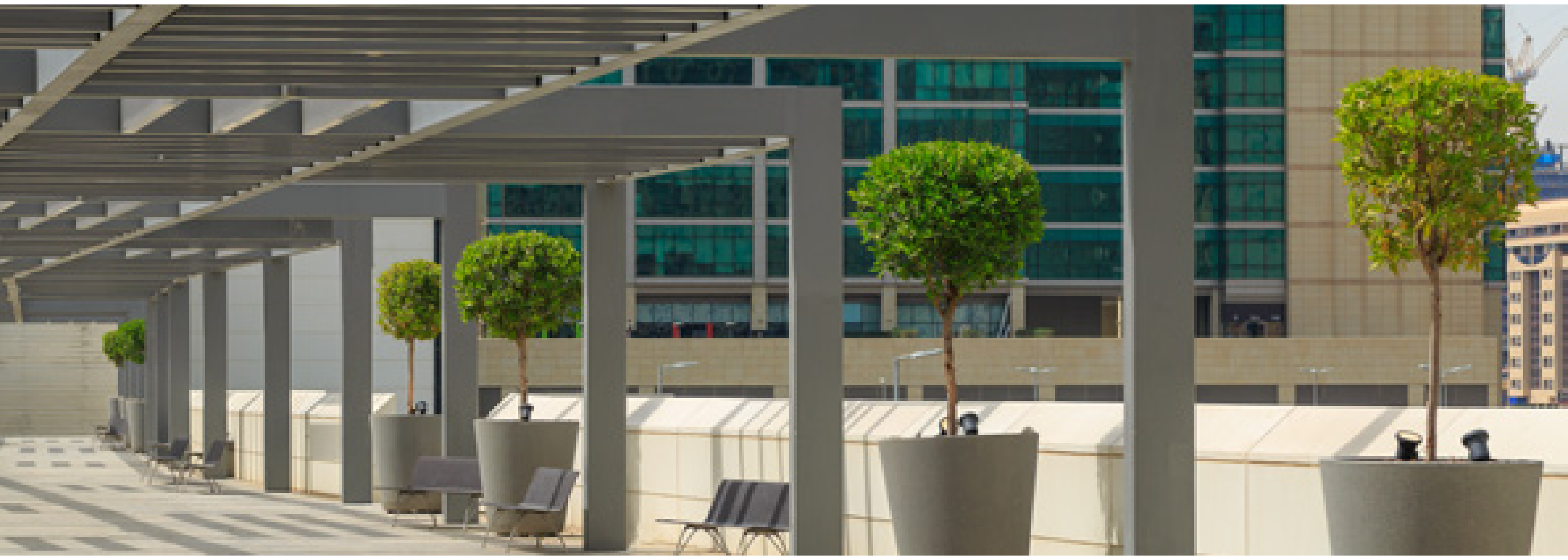
H.H. Sheikh Mohammed bin Rashid Al Maktoum

VICE PRESIDENT AND PRIME MINISTER OF THE UAE AND RULER OF DUBAI

H.H. Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum

DEPUTY RULER OF DUBAI AND
PRESIDENT OF DUBAI INTERNATIONAL FINANCIAL CENTRE

2018 OVERVIEW



THE FOLLOWING INFORMATION SUMMARISES 2018 ACTIVITIES AND STATISTICS.

SUPERVISION

- 69 firms authorised in 2018
- 491 firms authorised in total (including 3 Credit Rating Agencies)
- 664 individuals authorised in 2018
- 2330 individuals authorised in total
- 10 designated non-financial businesses and professions (DNFBPs) registered in 2018
- 116 DNFBPs registered in total
- 16 auditors registered in total
- 148 risk assessments of authorised firms (AFs) conducted in 2018
- 8 risk assessments of registered auditors (RAs) conducted in 2018
- 31 licence variations granted in 2018
- 59 days to decide applications on average in 2018 (AFs only)

POLICY AND STRATEGY

- 8 consultation papers published proposing changes to the DFSA's policy framework
- 3 outreach sessions to explain the DFSA's proposals for change to stakeholders
- 5 consultation papers issued by international standard-setters commented on
- 8 surveys and other questionnaires issued by international standard-setters replied to

LEGAL DIVISION AND GENERAL COUNSEL

- 4 Rulebook amendments made by the Board in 2018
- 2 Law amendments enacted by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Ruler of Dubai, in 2018
- 3 Sourcebook amendments made by the Chief Executive in 2018
- 22 rule-making instruments made by the Board in 2018
- 39 waivers and modifications granted in 2018

ENFORCEMENT

- 158 complaints received in 2018
- 156 complaints finalised in 2018
- 2 enforcement actions finalised in 2018
- 6 investigations carried over to 2018 from previous years
- 5 investigations commenced in 2018
- 5 investigations concluded in 2018
- 6 investigations carried through to 2019

MARKETS

- 4 recognised member applications reviewed in 2018
- 3 recognised member applications approved in 2018
- 4 recognised body applications received in 2018
- 59 recognised members in total
- 25 issuers admitted to the Official List of Securities (List) in 2018

INTERNATIONAL RELATIONS

- 5 bi-lateral Memoranda of Understanding (MoUs) entered into in 2018
- 2 FinTech Cooperation Agreements established in 2018
- 107 bi-lateral MoUs entered into in total
- 68 regulatory requests made by the DFSA to fellow regulators in 2018
- 71 regulatory requests received from fellow regulators to the DFSA in 2018
- 17 local and international delegations received by the DFSA in 2018

HUMAN RESOURCES

- 152 employees as at 31st December 2018
- 95 regulatory staff, 34% of whom are United Arab Emirates (UAE) Nationals
- 5.8 days training received per employee on average in 2018
- 51 employees undertook leadership development in 2018
- 47 UAE Nationals completed the Tomorrow's Regulatory Leaders (TRL) Programme since its inception in 2006

OPERATIONS

- 12 publications issued in 2018
- 8 consultation papers issued in 2018
- 16 stakeholder alerts issued in 2018
- 6 internal audits conducted, 4 by external parties and 2 conducted by Projects and Planning in 2018

Statement by the Chairman

Saeb Eigner

CHAIRMAN

I am pleased to present the DFSA's Annual Report for 2018. This follows another year of achievement for the DFSA and ongoing development of the Dubai International Financial Centre (DIFC). This success is reflected in the further growth of the Centre, which has continued to expand despite a period of challenging macroeconomic and geopolitical conditions.

Dubai is now ranked amongst the top ten global financial centres and is the top-ranked financial centre in the Middle East and North Africa (MENA) region by a significant margin. This success is a testament to the vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates (UAE) and Ruler of Dubai, in having the foresight to create a truly world-class financial centre. The Dubai Islamic Economic Initiative and the UAE National Innovation Strategy have also played a key role in facilitating the development of Dubai as a global financial centre. The DIFC is now home to the world's largest sukuk listing venue.

In 2018, the UAE was ranked sixth globally for uptake of Information and Communication Technology, according to the World Economic Forum. Such development has been facilitated by a supportive business environment across the UAE more generally. Also in 2018, the UAE was ranked 11th globally in the World Bank's Ease of Doing Business Rankings. I believe the DFSA and DIFC contributed in no small part to this assessment. We will continue to facilitate the economic success of Dubai and the UAE over the coming years.

In this statement, I wish to highlight a few key achievements and areas of focus for the DFSA over the past year. A key strategic development for Dubai as a financial centre has been the emergence of financial technology, known as FinTech. FinTech has been, and will remain, a top priority, reflected in the creation of our Innovation strategic theme. The DFSA's focus includes facilitating advancement of new technologies in the firms we regulate while ensuring that risks posed by new technology do not impede the achievement of our regulatory objectives.

In 2018, we saw an expansion of our Innovation Testing Licence (ITL) programme and two new cohorts were announced, providing FinTech firms with the ability to develop and test new innovative technologies within a carefully defined scope. 2018 also witnessed the graduation of a financial services firm from our ITL programme to a full financial services licence. This milestone demonstrates the potential role that regulatory sandboxes, such as the DFSA's ITL, can play in supporting start-ups and established financial services firms as they introduce new technologies.

The DFSA seeks to be at the forefront of new technological developments globally by engaging with other regulators. The DFSA has concluded FinTech cooperation agreements with several other international regulators, as well as being a founding member, and participating in the coordination board, of the Global Financial Innovation Network - a group of regulators which seeks to conduct joint work, share experiences of innovation and encourage the responsible adoption of emerging technologies and business models.

In addition to fostering innovation within our regulated community, the DFSA also uses technology to provide its services as an international standard regulator. We are aligned with the Smart Dubai Initiative and have made increased use of digitalisation and automation of internal and external systems throughout 2018.

In 2019, the UAE will be subject to a Financial Action Task Force (FATF) Mutual Evaluation. Organisation-wide, preparation for the FATF Mutual Evaluation was a core priority for the DFSA in 2018 and will remain so in 2019. Since the inception of the DIFC, the DFSA has placed a heavy emphasis on combating all forms of illicit finance and maintains an unwavering commitment to continue doing so. The DFSA has sought to ensure the best possible outcome from the evaluation for the DIFC and has provided input to UAE authorities wherever possible. Achievements in 2018 included undertaking a full assessment of the DFSA's anti-money laundering framework, so as to ensure technical compliance with FATF Recommendations. Reflecting the high priority we accord to this issue, I met several times during the year with relevant parties, including the Secretary-General of FATF and Finance Ministry officials from various countries.

2018 marked 100 years since the birth of the late Sheikh Zayed bin Sultan Al Nahyan and was hence - across the UAE - deemed the "Year of Zayed." Guided by the late Sheikh Zayed's strategic vision to utilise and empower Emiratis within the workforce, the DFSA continued to prioritise the development of Emirati regulatory capability. In 2018, the DFSA engaged a further five high-calibre Emirati graduates from leading UAE universities. The DFSA takes great pride in our Tomorrow's Regulatory Leaders (TRL) Programme, which these graduates joined. This is recognised across the region for its progress in developing regulatory talent. Testifying to the success of the TRL Programme, graduates are taking on greater responsibility both within the DFSA and across the UAE more broadly. The successful Taqadum programme, which provides UAE Nationals within the DFSA with further training and opportunities to enhance leadership skills, is also a key priority.

Engagement with our peer regulators has always been of high importance to us and 2018 was no exception. DFSA staff participated in a number of Supervisory Colleges during 2018 and also expanded our regional and international relationships with those regulators. As part of my work to represent the DFSA, I was privileged to meet with more than a dozen well-respected regulatory bodies across the globe in 2018, many of whom have lead supervisory responsibility for firms that have established themselves in the DIFC. Importantly, we sought to engage more closely with our fellow regulators within the UAE, collaborating closely with Federal regulators on the upcoming FATF Mutual Evaluation, as well as engaging with them on other matters. Over the coming years, engagement with our UAE and regional peers will remain a priority for us in our continuing efforts to support the development of the UAE economy. To this end, in 2018 we signed MoUs with the Central Banks of both Bahrain and Oman.

In 2017 our Chief Executive Ian Johnston announced his intention to retire. Ian played a significant part in establishing the DFSA's global reputation as a leading and well-respected regulator and we appreciate the pivotal contribution he has made to our organisation. On 1 October 2018, Bryan Stirewalt was appointed as Ian's successor. Bryan has been with the DFSA since 2008 and served as Managing Director of our Supervision Division for the past eight years. Bryan brings a wealth of experience and knowledge to his new role, as well as being very familiar with the organisation and its operating environment. I am sure he will build successfully upon the foundations laid by Ian and his predecessors.

Although this Statement largely looks back at the past year, I will turn briefly to the year ahead. 2019 looks set to be another demanding year. The DFSA will continue to engage and collaborate with other global regulatory bodies. These efforts began with my participation in a panel discussion on Managing Global Financial Risks and Opportunities at the opening of the Asian Financial Forum in Hong Kong in January. We look forward to supporting the DIFC Authority as they expand the Centre as part of the DIFC 2.0 initiative announced in January 2019. We will continue to align the DFSA with the vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum. His Highness's Eight Principles of Governance, declared at the beginning of this year, will be particularly relevant to our core values as an organisation, as well as our enforcement activity and innovation efforts. 2019 is also the UAE's "Year of Tolerance", which will influence both our internal and external engagement, and the DFSA's engagement with the Corporate Social Responsibility agenda.

I would like to extend my thanks to my fellow Board members for sharing their highly valuable expertise and advice throughout the year. Their input and contributions significantly shape the DFSA's strategy and policy and influence its operations.

As always, I would also like to thank the DFSA Executive team for their hard work and dedication in upholding the DFSA's reputation as an internationally respected regulator. I would like to thank HH Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, for His vision and commitment, and HH Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum, Deputy Ruler of Dubai and President of the DIFC, for his staunch support and guidance, which remain fundamental to the success of the DIFC and the DFSA. Finally, of course, I am grateful to the DIFC's Governor, HE Essa Abdulfattah Kazim, for his unwavering support and understanding of our mission, and for the assistance he and his office consistently provide.

Saeb Eigner

Statement by the Chief Executive

Bryan Stirewalt

CHIEF EXECUTIVE

It is my pleasure to present my first Annual Report as the DFSA's Chief Executive. It is an honour to serve as the Chief Executive of such a dynamic organisation with a talented and energetic team. I would also like to extend my sincere gratitude and appreciation to the DFSA Board Members for the invaluable support and guidance they have provided since I have taken up the position of Chief Executive. Additionally, my predecessor, Ian Johnston, has provided me with valuable advice through the transition to this important role.

The past year has demonstrated that, despite a challenging global economic climate, the Centre continues to mature and grow. Firms operating in and from the DIFC are contributing valuable resources to the local and regional economies and facilitating trade throughout the world. We are witnessing rapid changes in the global financial services industry, with much of the change driven by new technological advances. This is bringing new products, services and delivery mechanisms to consumers and is bringing new risks to the financial sector. Technology is also changing the way regulators obtain, use, store and protect information and how we conduct many of our primary functions, including how we communicate with our key stakeholders.

The number of firms operating in and from the DIFC grew in 2018 so that our regulated population now consists of more than 600 entities, including 491 Authorised Firms, 116 Designated Non-Financial Businesses and Professions (DNFBPs), and 16 Registered Auditors. If we include the 69 Registered Funds now based in the Centre, the total of regulated entities approaches 700. The total balance sheet of DIFC-based commercial banks is now almost USD 160 billion, and we have a number of commercial banks in the authorisation pipeline. These banks are improving financial stability by bringing their significant capital resources to the region. Through a wide array of risk mitigation products and services, our insurance-related entities are also bringing stability to the region, and improving business confidence. We are also seeing continued growth in our wealth management area with 25 new funds registered in 2018, taking the total number of funds within the centre to 69. Capital market activities are also increasing in the DIFC. Nasdaq Dubai has expanded to include trading in equity derivatives on DFM and ADX equities. Islamic finance continues to thrive in our markets area, as the number of sukuk listings in 2018 exceeded the total number of listings over the last three years. The DIFC continues to hold the largest listed sukuk value of any centre globally, with sukuk listed on Nasdaq Dubai totalling over USD 58 billion.

As mentioned in the Chairman's statement, the DFSA has been working closely with the Dubai Government and DIFC Authority (DIFCA) to establish the DIFC as a global FinTech hub. In 2018, we expanded our Innovation Testing Licence (ITL) programme. In November, a robo-advisory firm became the first firm to graduate from the DFSA's regulatory sandbox after completion of its Regulatory Test Plan. This milestone exhibits the vital role regulatory sandboxes can play in guiding start-ups as they introduce new services to the financial sector, while making sure that consumers are protected. The DFSA worked to found and launch the Global Financial Innovation Network (GFIN) alongside 29 international organisations. We are excited about this new direction and our interaction across the globe. In addition to the GFIN initiative, we signed two bilateral FinTech-focused MoUs with the Financial Services Agency of Japan and the Monetary Authority of Singapore.

Our 2017/2018 Business Plan outlined delivery, sustainability and engagement as the three strategic themes to shape and influence our operations over the two-year period. Key initiatives for delivery included executing core functions with professionalism and efficiency, delivering world-class regulation and effective enforcement. We have detailed our achievements in each of these areas later in this report.

One area of critical importance has been our recent efforts in Anti-Money Laundering and Counter terrorist financing (AML/CTF) measures as these form an integral part of our delivery objectives. The DFSA has long placed heavy emphasis on compliance with international standards and best practices in fighting financial crimes and terrorist financiers. Since the inception of the DIFC, with strong guidance from our Board of Directors, we have continuously benchmarked our laws and rules to the FATF 40 Recommendations and we have designed our supervisory practices to achieve positive outcomes in this space. In 2018, we made several enhancements to our AML/CTF rules, as part of our preparations for the upcoming Financial Action Task Force (FATF) Mutual Evaluation. Related to this, in October 2018, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President and Prime Minister, and Ruler of Dubai, enacted the Regulatory Law Amendment Law, DIFC Law No. (6) of 2018. This came into force on 29

October 2018 and amended the Regulatory Law 2004. Protecting investors and the public from financial crimes and safeguarding the reputation and integrity of the DIFC and the services it provides are commitments the DFSA takes very seriously.

We remain proactive in our regulatory risk-based approach and are vigilant in our ongoing efforts to uphold a high standard of financial discipline throughout the centre. We are continually working to establish clarity in all our regulations, and place significant importance on strict but fair enforcement of these rules. Over the year, we took numerous enforcement actions against firms operating from and in the DIFC. Fostering sound and transparent corporate governance across the firms we authorise has been a priority for the DFSA and we are committed to guiding firms to implement necessary governance changes in order to achieve sufficient risk oversight. During the year, our supervision and enforcement teams devoted considerable time and effort to investigating the conduct of the affairs of the private equity firm, Abraaj Capital Limited, and its related parties. This investigation is highly complex, on a wide scale and is being pursued vigorously. We are focusing our attention on senior management responsible for the conduct of the affairs of the relevant companies and funds, and persons who may have failed in their responsibilities to identify or report irregularities. We will use all of our powers to deal with those who are found to be culpable.

Under our strategic theme of sustainability, we focused on enhancing our organisational robustness, supporting Dubai Government strategies and building our UAE National capability. Over the year, we continued to align the DFSA with the vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, as described in the National Innovation Strategy (NIS) and Smart Dubai initiatives. We also celebrated the legacy of The Late Sheikh Zayed bin Sultan Al Nahyan, with a number of "Year of Zayed" activities. I am proud to report that UAE Nationals account for 26 per cent of the DFSA team and nearly 35 per cent of our regulatory workforce. Many of our Emirati cadre are graduates of our Tomorrow's Regulatory Leaders (TRL) graduate programme, inspired by the late Sheikh Zayed bin Sultan Al Nahyan's vision to empower UAE Nationals in the workplace. The TRL programme welcomed five highly skilled graduates from leading UAE universities in 2018.

We will be expanding our focus of sustainability in the future to capture global environmental, social and corporate governance objectives. In this light, we will be turning more attention to the topic of sustainable finance as a part of our regulatory agenda. Sustainable finance is a key element of every economy, and regulators must play an active role in this space. We look forward to combining our resources in this area with other UAE regulatory bodies.

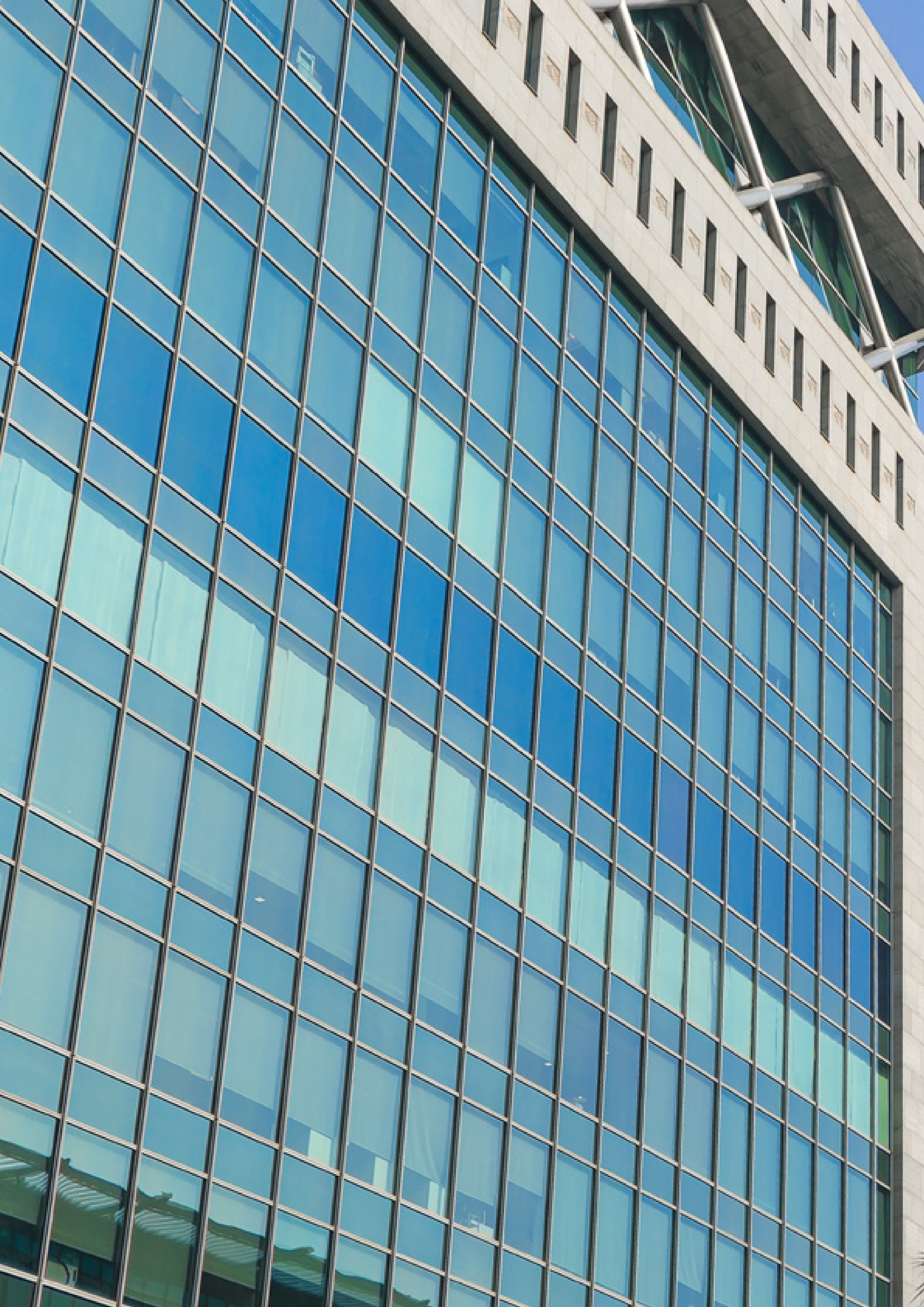
In our engagement efforts, our core focus was to work, thoughtfully and actively, with our key stakeholders. Throughout the year, we engaged with our regulated community through frequent outreach sessions to promote understanding and visibility of our regulations. Strengthening relationships with the UAE's Federal regulators remains a high priority for the DFSA. In November, we agreed upon a common legislative framework with the Emirates Securities and Commodities Authority (SCA) and the Financial Services Regulatory Authority (FSRA) of the Abu Dhabi Global Market (ADGM), resulting in the facilitation of regulatory coordination in licensing domestic funds. The regime will stimulate the development of the domestic investment funds market by encouraging the establishment of new investment funds, in addition to facilitating the process of conducting business in the UAE. We also developed our regulatory relationships beyond the UAE, signing MoUs with Malaysia's Bank Negara, the Astana Financial Services Authority, the Central Bank of Oman, and the Central Bank of Bahrain, taking our total number of MoUs to 107.

We will continue to build on 2018's achievements in 2019 and endeavour to develop and enhance our regulatory approach. The DFSA will continue to support His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the UAE Government and the DIFC in making the Centre one of the most respected and attractive global financial hubs. We will also continue to collaborate with our regional and international peers and participate in international standard setting to ensure we adhere to the highest international standards. We will be launching more corporate social responsibility activities in 2019 as well, with a desired focus on financial literacy. We look forward to collaborating with other UAE regulators and the private sector on these initiatives.

I would like to thank our stakeholders and regulated community, as well as the committed DFSA staff for all of their work in 2018.

Thank you.

Bryan Stirewalt



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 related services, the DFSA is responsible for supervising and enforcing Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) requirements applicable in the DIFC to financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs).

Our Vision, Mission, Regulatory Approach and Values

OUR VISION

To be an internationally respected regulator, leading the development of financial services through strong and fair regulation.

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 financial services and related activities carried on in the Dubai International Financial Centre (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.

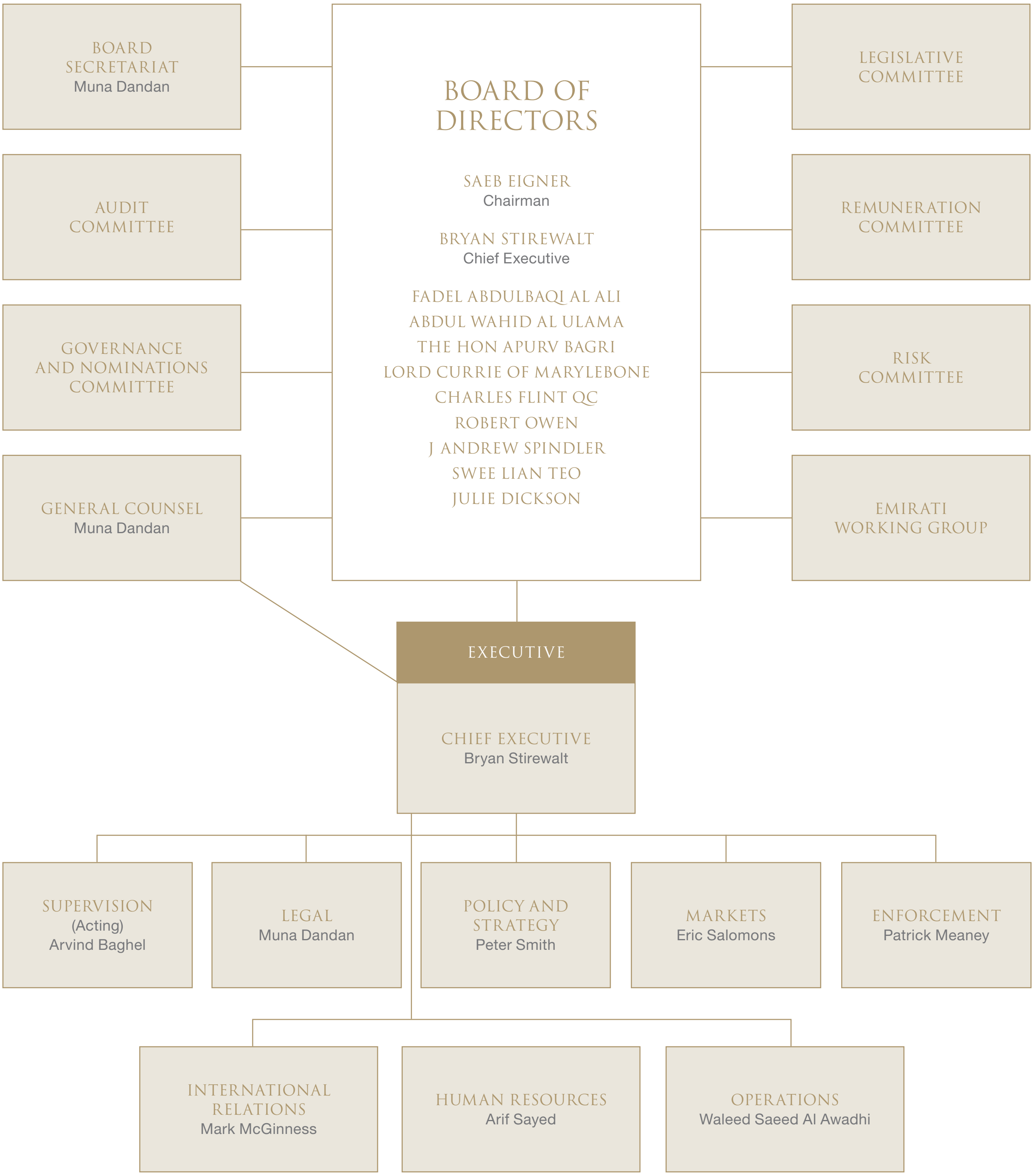
Values and Ethics

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 DFSA has also implemented a similar Code of Values and Ethics (available on the DFSA website) appropriate for members of the Board, its committees and the Financial Markets Tribunal (FMT).

DFSA Governance Model



DFSA BOARD OF DIRECTORS

AN INDEPENDENT BOARD OF DIRECTORS ENSURES A TRANSPARENT SEPARATION OF DAY-TO-DAY REGULATORY ACTIVITIES FROM THE OVERSIGHT OF OF THE CHIEF EXECUTIVE AND THE DFSA'S 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;
- Review the performance of the Chief Executive;
- Give the Chief Executive directions;
- Arrange for the DFSA to enter into cooperation 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 31 December 2018, the Board consists of 11 members and all but the Chief Executive are independent non-Executive Directors. The Board is supported by the Secretary to the Board of Directors who is also the General Counsel.

The DFSA has comprehensive directors and officers liability insurance cover, which the Board considers adequate and appropriate.

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, Governance and Nominations Committee, Audit Committee, Risk Committee and the Remuneration Committee. 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, which is helpful in carrying out the work of the committees. The Chairman of the DFSA Board is an ex-officio member 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 2018

	Committees						
	Board	Remuneration Committee	Legislative Committee	Governance & Nominations Committee	Audit Committee	Risk Committee	Emirati Working Group
Saeb Eigner	6/6	2/2		2/2		3/3	
Ian Johnston *	4/6	2/2	3/4	0/2	3/4	2/3	1/2
Bryan Stirewalt **	2/6	0/2	1/4	1/2	1/4	1/3	1/2
Abdul Wahid Al Ulama	6/6		4/4			3/3	2/2
Fadel Abdulbaqi Al Ali	5/6	2/2			3/4		2/2
J Andrew Spindler	6/6			2/2	4/4	3/3	2/2
Lord Currie of Marylebone	6/6	2/2		2/2			2/2
Charles Flint QC	6/6		4/4			3/3	
Robert Owen	6/6		4/4			3/3	
The Hon Apurv Bagri	6/6	2/2		2/2	4/4		
Julie Dickson	6/6		4/4		4/4		
Swee Lian Teo	6/6			2/2		3/3	2/2
Michael Blair QC			4/4				
Peter Casey			4/4				

* Resigned
** New Appointment

DFSA Board Member Profiles
(AS AT 31ST DECEMBER 2018)

SAEB EIGNER

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

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 a private investment group in the 1990s.

Mr Eigner holds a Master's Degree in Management from London Business School. He is a former Governor of London Business School, Chairman of its Audit and Risk Committees and currently a member of its Estate Committee.

He is the co-author of the management books Sand to Silicon (2003), Sand to Silicon - Going Global (2009), and author of Art of the Middle East (2010 and 2015).

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

BRYAN STIREWALT

Bryan Stirewalt was appointed Chief Executive of the DFSA in October, 2018, after eight years as the DFSA's Managing Director of the Supervision Division.

From 1985 to 1996, he worked for the US Treasury's Office of the Comptroller of the Currency as a National Bank Examiner, specialising in policy development and implementation, problem bank rehabilitation and banking fraud initiatives. From 1996 until joining the DFSA in 2008, he worked for an international consulting and advisory firm, focusing on emerging markets development programmes in Poland, Ukraine, Cyprus and Kazakhstan. In relation to international development, Bryan plays an active role in supporting the work of international standard-setting bodies.

He now serves as the Co-Chair of the Basel Consultative Group (BCG), which provides a forum for deepening the Basel Committee on Banking Supervision's engagement with non-member, global supervisors on banking supervisory issues. Through this role, he also serves as an Observer at the Basel Committee on Banking Supervision.

THE HON APURV BAGRI

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

Mr Bagri was appointed to the Board of the DFSA in September 2004 and became the Board's Deputy Chairman in June 2017.

He is a past Chairman and current Board member of the International Wrought Copper Council, which represents the global copper fabricating industry. He is a Board member of Hong Kong Exchanges and Clearing Limited (HKEx), Chairman of the Governing Body of London Business School, a Commissioner of the Crown Estate Paving Commission, and a Trustee of Asia House.

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

Mr Bagri is an Honours graduate in Business Administration from 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.

Mr Bagri is Chairman of the Board's Governance and Nominations Committee.

LORD CURRIE OF MARYLEBONE

David Currie has wide-ranging experience in financial services, public administration and regulation, and higher education.

Since October 2017, Mr Currie has been Chairman of the UK Advertising Standards Authority. He was also founding Chairman (2012-2018) of the Competition and Markets Authority, the new unified UK competition authority, founding Chairman (2002-2009) of Ofcom, the converged UK regulator for electronic communications, Dean (2001-2007) of Cass Business School in the City of London, and Professor of Economics (1981-2000) at the University of London and London Business School. He has also served as a director of Abbey National, Royal Mail, BDO UK, IG Group and the London Philharmonic Orchestra. His academic research was in the field of monetary and macroeconomic policy and regulation. He sits on the cross-benches in the House of Lords.

Mr Currie is Chairman of the Board's Remuneration Committee.

CHARLES FLINT QC

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

Mr Flint 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 25 years.

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

He is a member of the UEFA Club Financial Control Body, which administers the financial fair play rules that apply to European football clubs. He is President of the National Anti-Doping Panel, the independent body, which adjudicates on doping cases in sport in the UK, and Chairman of the independent tribunal of the International Tennis Federation.

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.

Mr Flint is Chairman of the Board's Legislative Committee.

ABDUL WAHID AL ULAMA

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

Mr Al Ulama 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 member of the Panel of Conciliators for the International Centre for Settlement of Investment Disputes (ICSID) since March 2017. He has been an independent Board Member of the Emirates Post Group since September 2016 and sits on some of their committees and subsidiary boards. He is also a member of the Advisory Committee of the Dubai Multi Commodities Centre.

Mr Al Ulama was previously 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, and Executive Vice Chairman of Retailcorp World.

Before joining White and Case, he was a Senior Advisor, Originations, at Mubadala GE Capital, based in Abu Dhabi. Mr Al Ulama has held a number of Board appointments in banking and financial services.

Mr Al Ulama graduated first in class with distinction for his LLB degree from UAE University. He holds a Master's Degree in International Trade Law from University College London.

Mr Al Ulama is Chairman of the Board's Emirati Working Group.

ROBERT OWEN

Robert Owen has wide-ranging experience as a regulator and a market practitioner, particularly in the Asia-Pacific region.

Mr Owen established the Hong Kong Securities and Futures Commission (HKFSC) and was appointed its Executive Chairman in 1989. Before this, Mr Owen was Director of Investment Banking for the Lloyds Bank Group and Chairman and Chief Executive of 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, Chairman of Repton International Schools Ltd, a Director of Singapore Exchange Limited, Sunday Communications Limited, European Capital Co Limited and various other companies and investment funds.

Mr Owen is Chairman of the Board's Risk Committee.

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 sectors 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 positions at the Continental Illinois Bank.

Mr Spindler holds PhD and MPA degrees from Princeton University's Woodrow Wilson School of Public and International Affairs and a Bachelor's Degree in International Politics from Harvard University.

He served as a fellow at the Brookings Institution from 1980 to 1983. He is a member of the Council on Foreign Relations and the Bretton Woods Committee.

Mr Spindler is Chairman of the Board's Audit Committee.

FADEL ABDULBAQI AL ALI

Fadel Al Ali was appointed as the Group Chief Customer Experience and Digital Officer in July 2017 with First Abu Dhabi Bank.

Prior to joining First Abu Dhabi Bank in 2017, Mr Al Ali was the CEO of Dubai Holding, a global group with assets of USD 35 billion across 21 countries and interest in 14 economic sectors. Mr Al Ali led the financial restructuring of Dubai Holding's investment groups and led the new business model of Dubai Holding as a strategic investor.

Mr Al Ali started his career at Citibank in 2001, and was appointed UAE Head of Distribution, before joining Dubai Holding in 2005.

Mr Al Ali is a member of the Executive Committee of the First Abu Dhabi Bank, Chairman of Board of Directors of MIRA Bank, Serbia and the H Hotel & Resort Management. He also sits on boards of FAB (Suisse) Private Bank SA, Abu Dhabi Capital Group and Abu Dhabi Financial Group.

Mr Al Ali holds a Bachelor of Science in Industrial and System Engineering from University of Southern California and a degree in High Performance Boards, International Institute of Management Development, Lausanne.

JULIE DICKSON

Julie Dickson was a member of the Supervisory Board of the European Central Bank, between 2014 and 2017, which is responsible for overseeing European banks.

Prior to that, she spent 15 years at the Office of the Superintendent of Financial Institutions in Canada, heading the office from 2006 to 2014. In addition, Ms Dickson served for 15 years with the Canadian Department of Finance, focusing on financial institution policy issues.

She has been a member of the Financial Stability Board, the Basel Committee on Banking Regulation, and the boards of the Canada Deposit Insurance Corporation and the Toronto Leadership Centre.

She sits on the board of the Global Risk Institute, which focuses on risk management for the financial industry. She also currently sits on the Canadian Public Accountability Board, which oversees audit firms in Canada. She has been awarded the Order of Canada for her work in Canada, and globally, in the area of financial institution regulation and supervision.

SWEE LIAN TEO

Swee Lian Teo joins the Board after spending 27 years at the Monetary Authority of Singapore (MAS). Her last executive role was as Deputy Managing Director in charge of Financial Supervision.

Ms Teo is an independent non-Executive director on the Board of HKEx-listed AIA Group Ltd, where she is also a member of its Risk and Nomination Committees. Ms Teo also serves as an independent director on the Board of SGX-listed Singapore Telecommunications Ltd, and is a member of its Governance and Nominations Committee, Executive Resource and Compensation Committee, and Chair of its Risk Committee.

Ms Teo is an independent non-Executive director on the Board of Avanda Investment Management Pte Ltd and chairs its Audit and Risk Committee.

She is also an independent non-Executive director of Clifford Capital and chairs its Audit Committee.

She graduated with a B.Sc. (First) in Mathematics from Imperial College, London University in 1981, and an M.Sc, in Applied Statistics from Oxford University in 1982.

DFSA Board Committees

LEGISLATIVE COMMITTEE

The Legislative Committee (LegCo) assists the Board in discharging its policy-making and legislative functions, including the development of the regulatory framework for financial services conducted in or from the DIFC. LegCo is responsible for the scrutiny of proposed legislative and Rulebook changes, ensuring proper consultation on such changes and recommending to the Board the final form of 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, Vice President and Prime Minister of the UAE and Ruler of Dubai.

During 2018 LegCo members were:
• Charles Flint QC (Chairman)
• Abdul Wahid Al Ulama
• Julie Dickson
• Robert Owen
• Michael Blair QC *
• Peter Casey *
• Saeb Eigner **
• Ian Johnston ***
• Bryan Stirewalt ***
• Muna Dandan ***
• Peter Smith ***

* External member
** Ex-officio
*** Executive member

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 the result of the DFSA's commitment to have a regime that is in line with international standards.

In 2018, LegCo recommended to the Board changes to the DFSA's Funds regime, including the introduction of exchange-traded funds (ETFs) as a specialist class of fund, requirements on liquidity management for open-ended funds, and enhancements to our regime for property funds.

LegCo recommended two sets of changes to our Anti-money Laundering (AML) regime, including changes to the Regulatory Law, to the regime for Designated Non-Financial Business or Professions (DNFBPs) and to the AML Module, and two sets of miscellaneous changes to the Rulebook, covering a wide range of issues. In each of these matters, the DFSA Board subsequently made or amended rules, as appropriate, or recommended law changes to His Highness Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum, Deputy Ruler of Dubai and President of the DIFC.

Also in 2018, LegCo approved public consultation on the two sets of AML changes referred to above, and on two sets of miscellaneous changes, one set of which was enacted during the year. As part of the revision of the DIFC Companies Law, LegCo approved, jointly with the Dubai International Financial Centre Authority (DIFCA), consultation on changes to the Regulations for Investment Companies and Protected Cell Companies. The DIFCA Board later approved these changes.

Towards the end of the year, LegCo approved consultations on a Funds Protocol, agreed by the DFSA with Securities and Commodities Authority (SCA) and the Abu Dhabi Global Market's (ADGM) Financial Services Regulatory Authority (FSRA), as well as on Funds Platforms, and on Property Crowdfunding.

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 in 2018 consisted of:
• J Andrew Spindler (Chairman)
• Fadel Abdulbaqi Al Ali
• The Hon Apurv Bagri
• Julie Dickson

During 2018, the Audit Committee reviewed the audit report prepared by external auditors on the Financial Statements for 2017 and discussed this with the auditors.

The DFSA received an unqualified audit opinion in respect of the financial statements and the system of internal controls for the year ended 31 December 2017.

The Committee engaged a third party to conduct an independent compliance review in respect of the DFSA's End of Service Gratuity scheme and the payment of National Pension contributions. The Committee also oversaw an independent assessment of the vulnerability of the DFSA's IT security to external factors and independent follow up to an earlier audit of the key controls in Human Resources, as conducted by third parties.

In addition, the internal audit function conducted a review of the implementation of the DFSA's Risk Tolerance in relation to the risk based supervisory approach and reviewed testing of Business Continuity arrangements.

The Committee reviewed the draft budget for 2019 prepared by the Executive and recommended it for approval by the Board.

RISK COMMITTEE

The primary function of the Risk Committee (RiskCo) is to assist the Board in identifying and assessing external and internal 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 risk mitigation measures and monitoring their implementation.

Risk Committee members in 2018 were:
• Robert Owen (Chairman)
• Fadel Abdulbaqi Al Ali
• Abdul Wahid Al Ulama
• Charles Flint QC
• Swee Lian Teo
• Saeb Eigner *
• Ian Johnston * replaced by Bryan Stirewalt as Chief Executive and Committee member on 1 October 2018.

* Ex-officio

During 2018, the Risk Committee held three meetings, at which it carried out the following regular activities:

- Debated current macro level and global issues and considered the extent to which these issues might impact on the DFSA or the development of the DIFC;
- Reviewed ongoing efforts by the DFSA to mitigate the main (non-firm specific) risks that it faces, as set out in the 2018 Risk Inventory, covering mitigating actions already in hand or planned, the level of residual risk the DFSA is exposed to, and whether supplemental measures should be adopted in relation to particular risks;
- Reviewed the proposed 2019 Risk Inventory, prepared by the Executive, to determine which (non-firm specific) risks should be considered the highest priority risks that the DFSA faces;
- Commenced, with support from the Executive, an exercise to produce the DFSA's 2019 Risk Tolerance Statement, which is used to guide the Executive in their business planning and day-to-day decision-making. This involved canvassing the opinions of Board members concerning the extent of their concern about a variety of real or hypothetical scenarios; and
- Updated the Board's summary of the top broad risks facing the DFSA, also designed to guide decision making by the Executive.

The Committee also discussed, during 2018, specific risks that the DFSA faces – or could face – in the FinTech area. The Committee debated risks that could arise if the existing prohibition on provision of money services were removed, so allowing firms to set up in the DIFC offering payments, money transfer, electronic stored value, and other related services.

The Committee also considered risks that could result from allowing exchanges, or other trading venues, to establish in the DIFC to facilitate trading in digital assets, including securities in tokenised form, crypto-currencies, and the like. The Committee considered the ways in which these risks could be mitigated.

The Board of the DFSA considered, as usual, the various conclusions reached by the RiskCo and used these as inputs to the DFSA's strategic planning process.

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 make recommendations to the Board in terms of new Board members, and to develop a succession programme. The Committee also develops and recommends a set of corporate governance principles to the Board.

Governance and Nominations Committee members in 2018 were:
• The Hon Apurv Bagri (Chairman)
• Lord Currie of Marylebone
• J Andrew Spindler
• Swee Lian Teo
• Ian Johnston * replaced by Bryan Stirewalt as Chief Executive and Committee member on 1st October 2018.
• Saeb Eigner *

* Ex-officio

During 2018, the Committee managed the process of identifying suitable candidates to replace Ian Johnston as Chief Executive on his retirement from the DFSA at the end of September 2018. Following a lengthy and extensive global search for candidates, with the assistance of an international firm of recruiters, and a thorough interview process, the Committee recommended to the Board that the Managing Director of Supervision, Bryan Stirewalt, be appointed as the new Chief Executive.

The Committee also engaged an international firm to conduct a review of the performance of the Board and its committees, which will be completed in early 2019.

At the Committee's request, during 2018 the DFSA's Code of Values and Ethics was comprehensively reviewed to ensure it continued to align with best practice globally.

The Executive reported to the Committee on complaints received, during the reporting period 1 November 2017 to 31 October 2018, and their resolution.

REMUNERATION COMMITTEE

The primary function of the Remuneration Committee 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 and performance and policies applicable to the DFSA Board, Executive and staff.

Remuneration Committee members in 2018 were:
• Lord Currie of Marylebone (Chairman)
• Fadel Abdulbaqi Al Ali
• The Hon Apurv Bagri
• Saeb Eigner *

* Ex-officio

During 2018, 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 for 2018, following a detailed and comprehensive review of the DFSA's remuneration structure and remuneration positioning strategy. This included a comprehensive review of market conditions including inflationary trends and local practice. The Committee also made recommendations to the Board on the level of bonuses for DFSA employees reflecting performance in 2017. The Committee also considered the policy it had previously approved, enabling some employees to work flexible or reduced hours, provided that there was no adverse impact.

The DFSA hoped that this flexibility would assist with recruitment and retention because it would better accommodate employees who had young children or other challenges that make it difficult to work longer hours. It was noted that since implementation of the policy there had been no negative impact on the operational efficiency of the DFSA.

The Committee reviewed progress and use of approved resources for the Taqadum Programme in view of its commitment to developing UAE National talent. The Committee also considered during the year a range of other Human Resources matters, including talent development, succession planning, budgets and headcount.

EMIRATI WORKING GROUP

The Emirati 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, which has been designed to develop young UAE Nationals.

During 2018, membership of the Working Group included selected Board members and members of senior management as follows:
• Abdul Wahid Al Ulama (Chairman)
• J Andrew Spindler
• Fadel Abdulbaqi Al Ali
• Lord Currie of Marylebone
• Swee Lian Teo
• Muna Dandan (Executive Member and Dean of the TRL Programme)
• Waleed Saeed Al Awadhi ***
• Arif Sayed ***

*** Executive Member

During 2018, the Emirati Working Group supported the talent development of UAE Nationals in the DFSA.

FINANCIAL MARKETS TRIBUNAL

The Financial Markets Tribunal (FMT) is a tribunal created under the Regulatory Law 2004 to hear and determine any reference, that is, to review a decision of the DFSA, where DIFC legislation provides that a matter may be referred to the FMT for review.

The FMT also has jurisdiction to hear and determine any regulatory proceeding, where DIFC legislation provides that such a proceeding may be commenced before the FMT.

A decision of the FMT may, with permission from the FMT or DIFC Court, be appealed to the DIFC Court on a point of law.

The tribunal's members are appointed by the DFSA Board of Directors, but the tribunal is operationally independent of the Board and the DFSA Executive.

FMT members in 2018 were:
• His Honour David Mackie CBE QC (President)*
• Ali Malek QC*
• Bankim Thanki QC*
• Jeremy Gauntlett SC*
• John L Douglas*
• Patrick Storey*
• Ali Al Aidarous*
• Ali Al Hashimi*

* Refer to the DFSA website for their corporate profiles

In 2018, the FMT heard a referral in respect of a DFSA decision. The hearing took place over a period of six days and the FMT is expected to issue its decision in early 2019. A second matter was referred to the FMT towards the end of 2018.

DFSA Executives

BRYAN STIREWALT

Chief executive (refer to page 23 for his photo and biography)

PETER SMITH

Managing Director, Policy and Strategy, joined the DFSA in June 2012 as Head of Policy to lead further development of the DFSA's policy framework. He joined the Executive Committee in early 2015, and was appointed a Managing Director in early 2016.

Mr Smith is also responsible for overseeing the DFSA's strategic planning, including its annual business planning cycle, and the organisation's approach to setting its Risk Tolerance and managing non-firm specific risks. He is a member of the IAIS Policy Development Committee and is also involved in IAIS working groups. Mr Smith has over 25 years of regulatory experience.Prior to joining the DFSA, he was Head of the Investments Policy Department at the UK Financial Services Authority. Earlier roles in the UK included policy areas, supervision, bank resolution, internal audit and risk management. From 2003 to 2007, Mr Smith was seconded to the European Commission in Brussels, working on banking issues, supervision of financial groups, and the future of supervision within the European Union.

Mr Smith holds a Master's degree in finance from London Business School.

MUNA DANDAN

General Counsel and Head of Legal, joined the DFSA in September 2015. She is the primary legal advisor to the Board of Directors. In addition, she acts as Board Secretary, managing the affairs of the Board and its committees.

Ms Dandan also heads the DFSA's Legal Division, dealing with all regulatory and other legal affairs of the DFSA.

Alongside these functions, Ms Dandan is the Dean of the two-year graduate development programme within the DFSA, the TRL Programme, designed to equip UAE National graduates with knowledge and skills in all aspects of financial services regulatory practice.

Prior to joining the DFSA, Ms Dandan spent several years as Head of Legal for the corporate and retail banking businesses of Barclays Bank PLC in the Middle East.

Ms Dandan obtained her law degree in the UK and is qualified to practice law in England and Wales, as well as in Hong Kong. Prior to returning to her Middle Eastern roots, Ms Dandan spent several years working for international law firms in both London and Hong Kong.

WALEED SAEED AL AWADHI

Chief Operating Officer, joined the DFSA in March 2013. He has over 17 years of international and local experience in leadership and strategy in financial services, Islamic banking, real estate, media and telecommunication industries.

He is responsible for strategic operational excellence at the DFSA by leading the development and implementation of world-class, innovative solutions and smart initiatives. Mr Al Awadhi represents the DFSA on strategic initiatives with Government entities and with local and regional regulators and international standard-setters.

He plays a leading role in building UAE National capabilities both at the DFSA and in broader society. Previously, Mr Al Awadhi led the Marketing and Communication division at Abu Dhabi Media, Priority Banking at Emirates Islamic Bank, and was Deputy Head of Retail Banking and Deputy Chief Marketing Officer at Dubai Bank, where he led Royal Banking and Wealth Management, Branding, Marketing and Communications. He was also the Global Director of Marketing and Sales at Sama Dubai, a member of Dubai Holding, and was responsible for over 20 international markets.

Mr Al Awadhi is an alumnus of Harvard Business School where he completed the General Management Program. He has a Master of Laws with a double major in Arbitration & Dispute Resolution and Financial Crimes & Money Laundering, and a Bachelor's degree in Applied Business Science. Mr Al Awadhi published his first book entitled "The Sustainability of Family Businesses in the United Arab Emirates – A Legal and Operational Perspective for Best Practice".

ARIF SAYED

Director, Head of Human Resources, joined the DFSA in September 2015.

Mr Sayed has more than 30 years of experience in Human Resources in the financial services industry.

Prior to joining the DFSA, he held a number of senior positions including Manager Personnel and Administration at Emirates Bank International, International Human Resources Manager, MESA at ANZ Grindlays Bank and Head of Human Resources, UAE and MEA for ABN Amro/Royal Bank of Scotland.

Mr Sayed has also worked at Black & Decker and in Arabtec Construction as Director, Labour Welfare and Recruitment. He holds a Higher National Diploma in Business Studies, a CNAA Post Graduate Diploma in Management Studies and a Master's Degree in Manpower studies, all from the United Kingdom.

ERIC SALOMONS

Director and Head of Markets, joined the DFSA in June 2007 and has developed his career in commodity, derivatives and securities markets over the past 20 years. He has been involved in arbitrage, risk management and regulation of a wide range of financial instruments.

Mr Salomons has diverse and valuable experience of exchange operations, clearing houses and settlement systems as project manager for licensing and supervision of markets in Europe and the Dubai International Financial Centre (DIFC). He is a Member of the IOSCO Committee for secondary markets and derivatives.

Prior to joining the DFSA, he worked at the Netherlands Authority for the Financial Markets (AFM) and was responsible for exchange regulation and a Member of the working parties to the NYSE Euronext College of Regulators.

Mr Salomons started his career as a derivatives market maker on the Euronext exchange floor and Eurex for Amsterdam Option Traders (AOT). He has been registered with the Dutch Securities Institute since 2000 and is a Member of the Global Association of Risk Managers.

MARK MCGINNESS

Director, Head of International Relations, joined the DFSA in August 2005 to establish, co-ordinate, and lead the DFSA's international activity. He has drafted and negotiated some 100 Memoranda of Understanding (MoUs), underlying the DFSA's commitment to cross-border cooperation.

Mr McGinness has more than 30 years of regulatory experience. Previously at the Australian Securities and Investments Commission (ASIC), he was successively Principal Legal Officer in Enforcement; the inaugural Coordinator of International Enforcement; advisor to the Chairman; Director, International Relations and a member of the Senior Executive Service.

Mr McGinness was ASIC's representative on the International Organisation of Securities Commissions' (IOSCO) Implementation and multilateral-MoU task forces and its Enforcement Standing Committee. He is currently a member of IOSCO's Assessment Committee, the central policy group responsible for IOSCO's Principles and Methodology; and the newly established International Association of Insurance Supervisors (IAIS) Standards Assessment Working Group, which is intended to play a similar role for the insurance standard-setter. He also acts as a lead validator for the IAIS MMoU. Mr McGinness was a member of the IMF's Financial Sector Assessment Programme team in 2004 and 2013 and in 2018 led participants in IOSCO's Self-Assessment Capacity Building Programme. In December 2016, he was also appointed the DFSA's Chief Decision Maker, for matters referred from the Enforcement Department.

Mr McGinness holds a Bachelor of Arts and Law and is admitted as a barrister in Australia.

PATRICK MEANEY

Director, Head of Enforcement joined the DFSA in January 2018.

Mr Meaney has 25 years of experience in regulating financial markets and services. Prior to joining the DFSA Mr Meaney had been a Manager in the Wholesale Enforcement Department of the Financial Conduct Authority (FCA) for almost seven years. During his time at the FCA, he was responsible for investigations into Libor misconduct where his team enforced record financial penalties against three banks and two broking firms, and fines and prohibitions of two senior and five other individuals.

Prior to the FCA, Mr Meaney worked in senior legal, regulatory enforcement and forensic investigation roles in Australia, Hong Kong and Japan. This included serving as General Counsel and Head of Enforcement at the Australian Prudential Regulation Authority and Head of Listing Enforcement at Hong Kong Exchanges and Clearing Limited. He is admitted to practice Law in Australia and has postgraduate qualifications in Law and Applied Finance.

DFSA Organisational Structure

THE GENERAL COUNSEL AND LEGAL DIVISION

The Legal Division, headed by the General Counsel, carries out a broad range of functions including providing advice and legal opinions on matters affecting the DFSA and advising on the Laws and Rules administered by the DFSA as well as advising on the application of other legislation and associated jurisdiction issues.

The Division is responsible for drafting and maintaining the DIFC Laws and Rules administered by the DFSA and for consulting with the Dubai Government and the DIFC Authority (DIFCA) on relevant DIFC, Dubai and Federal legislation.

The Division advises on contractual issues and provides litigation management and advice to the DFSA on matters before the DIFC Courts or the FMT.

The Division also provides legal and administrative support to the Decision Making Committee, and to the Rules and Waivers Committee.

The General Counsel manages and supervises the Legal Division and is also responsible for advising the DFSA Board of Directors and its committees on legal and governance issues and carries out the Board Secretariat role, which manages and coordinates all corporate secretarial functions for the Board and each of its committees.

The General Counsel also provides guidance on the DFSA's Code of Values and Ethics and oversees the Tomorrow's Regulatory Leaders (TRL) Programme.

THE POLICY AND STRATEGY DIVISION

The Division is responsible for the DFSA's policy framework, including its maintenance and development, as well as providing advice on the intent of the DFSA's policy framework to Divisions of the DFSA. The Division oversees the DFSA's approach to strategic planning, including its annual business planning cycle and its input to the strategic planning of the DIFC as a whole and the DFSA's approach to risk management, including setting a Risk Tolerance for the organisation and reviewing the mitigation of non-firm specific risks across the DFSA.

The Policy and Strategy Division is also responsible for producing economic and other environmental analysis for internal use, and where appropriate, external publication, together with analysis of developments in the regulatory community at global and regional levels.

THE SUPERVISION DIVISION

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

Following the authorisation process, the Supervision Division is then responsible for assessing, monitoring and mitigating risk across the full range of Authorised Firms (AFs) operating in or from the DIFC. The Division also monitors the work of Registered Auditors and Credit Rating Agencies (CRAs).

In the DFSA's broader role of combating financial crime in the DIFC, the Division registers and monitors, for AML purposes, the activity of certain other types of entities such as law and accounting firms, single family offices, high value goods dealers, and real estate agents. These entities are known as Designated Non-Financial Business or Profession (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 cooperates and communicates closely with regulators in the UAE and elsewhere.

THE MARKETS DIVISION

The Division is responsible for the licensing and ongoing supervision of the two Authorised Market Institutions (AMIs) in the DIFC; the Dubai Mercantile Exchange (DME) and NASDAQ Dubai. The Markets Division is also responsible for the recognition of remote participants, market operators and clearing houses located outside the DIFC.

THE ENFORCEMENT DIVISION

The Division investigates suspected 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 overarching objective is to prevent, detect and restrain conduct that causes (or may cause) damage to the reputation of the DIFC.

INTERNATIONAL RELATIONS

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

THE HUMAN RESOURCES DIVISION

The Division includes the functions of talent acquisition, development and reward management. Human resources includes all of aspects of employee resources at the DFSA, particularly for ongoing performance, skills development of employees and their retention. A principal developmental activity is the recruitment and training of UAE Nationals for regulatory careers through the TRL Programme.

THE OPERATIONS DIVISION

The Division comprises Finance, Information Technology, Administration, Corporate Affairs, Projects and Planning, and Business Excellence and Stakeholder Management departments. The Division provides the operational and technological backbone and infrastructure required for the smooth running of the DFSA. The Division applies principles of excellence, digital transformation and knowledge management to position the DFSA as a world-class and innovative regulator contributing to the local economy. Its overarching objective is to align with the various government plans and initiatives whilst safeguarding the reputation of the organisation in the local and international arena.

WHAT WE DO

Key DFSA-Wide Initiatives

THIS SECTION HIGHLIGHTS THREE KEY INITIATIVES IN WHICH THE DFSA HAS COOPERATED INTERNALLY, ACROSS DIVISIONS, SO AS TO FOCUS TIME AND RESOURCES IN CONTRIBUTING TO THE WORK OF THE INTERNATIONAL STANDARD-SETTERS, BUILDING THE FINTECH ECOSYSTEM AND FURTHERING THE DEVELOPMENT OF UAE NATIONAL CAPABILITY. THESE INITIATIVES HAVE PERMEATED THE ORGANISATION AND HELPED TO DETERMINE KEY DFSA-WIDE ACTIVITIES FOR 2018.

STANDARD-SETTERS

DFSA'S INVOLVEMENT

The DFSA operates a regulatory regime that embraces international standards and provides a business-friendly regime in the DIFC, so that firms have a stable, predictable and globally recognised framework in which to establish and develop their businesses.

As in previous years, a key aspect of the DFSA's work in 2018 was to help shape the development of international standards and to ensure that they reflect the needs of jurisdictions such as the DIFC. Our involvement with the main international standard-setters included our direct participation in their work as set out below, in addition to completing seven surveys and responding to five public consultations, as well as over a dozen informal consultations at the drafting stage, from these bodies. We continue to adopt agreed international standards into our regime in a way that is appropriate for the DIFC markets.

BANKING

The DFSA's Managing Director, Supervision, and since October, the DFSA's CEO, Bryan Stirewalt, co-chairs the Basel Consultative Group (BCG). In this role, he is also an observer on the Basel Committee for Banking Supervision (BCBS). The BCG provides a forum for deepening the BCBS's engagement with supervisors by facilitating dialogue with non-member countries on new BCBS initiatives early in the process. During 2018, the BCBS completed its post-crisis standard-making by issuing a few remaining standards, for example, on higher loss absorbency, and Pillar III disclosures related to regulatory treatment of accounting provisions. The BCBS also consulted on some standards, such as the capital requirements for market risk, and clarified application of certain existing standards including the Net Stable Funding Ratio and Pillar 3 disclosures, as well as carrying out its regular monitoring of standard implementation through its exercises such as the Regulatory Consistency Assessment Programme. The DFSA contributed to the public consultation on a number of proposed standards.

INSURANCE

In the insurance sector, Peter Smith, Managing Director, Policy & Strategy, represents the DFSA on the Policy Development (previously the Financial Stability and Technical) Committee of the International Association of Insurance Supervisors (IAIS). Owing to this, the DFSA continued to influence the IAIS's efforts to increase policyholder protection and maintain financial stability in the following areas:

- Developing the Insurance Capital Standard, which should be applicable to at least Internationally Active Insurance Groups (IAIGs), with the approved version (ICS 2.0) to be adopted, as part of ComFrame, for a five-year monitoring period from 2020;
- Revising existing standards, including the Insurance Core Principles (ICPs), and incorporating into the ICPs the Common Framework (ComFrame) for the Supervision of IAIGs;
- Developing standards on the recovery and resolution of insurers, including consideration of strengthening their loss absorbing capacity; and
- Considering the impact on the insurance sector of cyber threats, technology, climate change, and other issues.

Mr Smith is also a member of the Supervisory Material Review Task Force, which began its work in 2015. The Task Force has a mandate to review the drafting of several of the ICPs and oversee the consistency of all of the IAIS's supervisory publications.

Lastly, the DFSA's Director, International Relations, Mark McGinness, 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, which the DFSA adopted in 2010. Unlike IOSCO, the IAIS MMoU is not mandatory for its members but some 70 jurisdictions, approximately half the membership and amounting to almost 75% of premiums, have become signatories. This initiative has ensured a consistent, predictable, comprehensive and growng network for the exchange of information between insurance supervisors.

In September, Mr McGinness also joined the new Standards Assessment Working Group established to oversee the assessment of implementation of the IAIS' supervisory material. This Group's mandate includes establishing and overseeing Expert Teams conducting assessments and reviewing and approving reporting from Expert Teams. The Group also follows assessment activities of other standard-setting bodies and the Financial Stability Board.

SECURITIES AND MARKETS

In the securities sector, the IOSCO Board unanimously accepted that, after 13 years as an Associate Member, the DFSA should be an Ordinary (or Full) Member.

The DFSA is a member of the Steering Committee of IOSCO's Growth and Emerging Markets (GEM) Committee. The role of this forum is to identify issues, highlight concerns, and shape responses for developing securities markets, which constitute two-thirds of IOSCO's membership. While FinTech and cyber security were key issues for the GEM Committee in 2018, its other main focus was sustainability in emerging markets, work in which the DFSA participated.

Much of IOSCO's work takes place in its policy committees, and the DFSA participates in a number of them:

- The DFSA's Head of Markets, Eric Salomons, is a member of Committee 2 on Secondary Markets, and Committee 7 on Derivatives. In 2018 the committees completed work on formulating best practices for: transparency in corporate bond markets; volatility mechanisms in place at exchanges; and commodity storage facilities;
- The DFSA's Enforcement team participate as a member of the Committee on Enforcement and Cooperation (Committee 4) and the MMoU Screening Group. In 2018, Committee 4 discussed credible deterrence through enforcement (a topic to which the DFSA contributed heavily in previous years), new enforcement technologies and risks related to initial coin offerings (ICOs). The Screening Group continued to assess the remaining applicants to become signatories to the IOSCO MMoU and also those seeking admission to the Enhanced MMoU (EMMoU). The DFSA submitted its EMMoU application as the year ended; and
- Mark McGinness is a member of the Assessment Committee and Implementation Task Force Sub-Committee, which reviews and updates the IOSCO Principles and the methodology facilitating their

effective implementation. In August, he assumed the chair of the Committee's Suitability Review Team, which, with assistance from Supervision's Dean Miller, drafted a report assessing the consistency of implementation of the Suitability Requirements concerning Complex Financial Products. In December, the DFSA hosted a meeting of this Committee, including a three-day Capacity Building Programme assisting other IOSCO members in performing self-assessments against the IOSCO Principles. Mark McGinness also participates, with the DFSA's COO, Waleed Al Awadhi, in IOSCO's Africa and Middle East Regional Committee (AMERC), which advanced its mandate on Exchange Listings.

Also as part of its IOSCO involvement, the DFSA participates in the conference calls of the IOSCO ICO Network, a loose, cross-committee grouping of interested members who regularly discuss issues and challenges in the ICO and digital asset area.

Lastly, the DFSA is also an observer on the Union of Arab Securities Regulators, a regional forum of Arabic-speaking securities and markets regulators.

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 the DFSA's contribution has been our participation in the efforts of the Islamic Financial Services Board (IFSB). The DFSA is a Full Member of the IFSB and is usually represented at all meetings of the IFSB Council. The DFSA was actively involved in IFSB work throughout 2018, responding to public and informal consultations and survey requests.

In addition, the DFSA's Basheer Ahmad, Senior Manager, Markets, joined the Sukuk Al-Ijarah Documentation Standardisation Working Group organised by the International Islamic Financial Market.

The DFSA also continued its membership of the Islamic Finance Consultative Group (IFCG) of the International Accounting Standards Board (IASB), through the involvement of Naweed Lalani, Associate Director, Supervision. In 2018, the DFSA hosted the IASB IFCG meeting in the DIFC, which was attended by IFCG members from Bahrain, Indonesia, Malaysia, Pakistan, Saudi Arabia, UAE and the United Kingdom.

AUDIT

In the area of audit, the DFSA was, as in previous years, actively involved in the International Forum of Independent Audit Regulators (IFIAR), where Naweed Lalani, chairs the Smaller Regulators Task Force. In addition, the DFSA contributed to IFIAR's Annual Inspection Workshop, which provides technical training to more than 100 participants from 40 jurisdictions. The DFSA has also supported a number of regional and international regulators in establishing audit oversight divisions.

OTHER STANDARD-SETTERS

2018 also saw the DFSA's participation in the activities of other international standard-setters, particularly in the field of anti-money laundering, where the DFSA is significantly involved, across a number of divisions and engaging with other UAE authorities, in preparing for the FATF Mutual Evaluation exercise, taking place in 2019.

FINANCIAL TECHNOLOGY

As a regulator, the DFSA prides itself on recognising the important role innovation and technology play in enabling a wide range of financial services business models, products and services, and much time is spent working on developing and modernising regulatory frameworks in order to remove any unnecessary impediments to this evolution.

Our support of FinTech development is also in line with the National Innovation Strategy set out by UAE Vice President, Prime Minister and Ruler of Dubai, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, to create an innovation-friendly ecosystem. There are also many initiatives at Emirate level, such as the Dubai 2021 plan, and Smart Dubai, which the DFSA actively engages with and supports.

In 2017, the DFSA launched the Innovation Testing Licence (ITL) Programme, which enables firms to test their innovative products or services in a safe environment governed by various restrictions and modifications.

The DFSA has a close working relationship with the DIFC FinTech Hive. Actively supporting the Hive programmes by engaging with start-up firms who may wish to apply for a financial services licence and offering informal assistance in helping FinTechs understand the relevant regulations and supervisory expectations.

In May 2018, the DFSA announced the expansion of the ITL, in response to continued interest in FinTech and the digital economy, and six firms were invited into our Summer Cohort. In November, building on the success of this cohort, we opened up applications for the Winter cohort. We received considerable interest from firms in a variety of jurisdictions wanting to offer, for example, SME funding platforms, digital debt issuances (conventional and Islamic), tokenised equity issuances, tokenised P2P lending, robo-advisory, and blockchain-enabled investment platforms, etc. From that cohort, 5 FinTechs went on to submit applications to operate under the ITL Programme.

In August 2018, the DFSA, in collaboration with 11 other financial regulators and associated organisations from around the world, announced the establishment of a Global Financial Innovation Network (GFIN).

GFIN is a network of leading global regulators, which will seek to conduct joint policy work, share experiences of financial innovation, and enable cross border testing of innovative financial services. The DFSA is an active member of GFIN and is working with members in order to develop internal policies and procedures and working methods to enable the network to fulfil its ambitions. The DFSA's engagement with GFIN has been driven by Policy and Strategy's Elisabeth Wallace and Supervision's Alicia Kedzierski.

The DFSA continues to evaluate its regulatory approach to FinTech and will update its policies and procedures where appropriate. Further work is being carried out to improve our approach to processing ITL applications and to clarify internal stakeholders' roles and responsibilities.

An engagement plan for Regulatory Technology providers (RegTech) is being developed in order to formalise further the DFSA's engagement with RegTech and to set expectations on how and where we can help. Lastly, the DFSA continues to improve its engagement with local, regional and international regulators. Plans are in place to participate in cross-border trials through the GFIN network and we continue to engage with other regulators to learn from them and to share our experiences in developing a regulatory sandbox.

DEVELOPMENT OF UAE NATIONALS

The DFSA maintains a strong commitment to the development of UAE National regulatory capability. While continuing to develop talent via our graduate-level TRL Programme, the focus for 2018 has been the development of UAE Nationals who have been in the organisation for some time.

In May 2017, the DFSA ran its first development centre for UAE Nationals engaged in technical roles within the organisation. The subsequent Taqadum Programme, targeted specifically at UAE Nationals with at least five years' experience, has continued with a focus on leadership skills - particularly in relation to people management and strategic leadership. Some UAE Nationals have had the opportunity to attend the Global Institute for Tomorrow Programme that focuses on Asian leadership and global problems such as; skills shortages, food supply security and affordable housing in some of Asia's most populated regions. The programme looks at the role of business and financial leaders in providing solutions to these societal issues.

The Taqadum Programme has the aim of broadening the skillsets of our UAE Nationals from both a leadership and technical perspective. While building knowledge of financial markets and regulation remain at its core, the DFSA believes that the programme should equip our future leaders with the ability to offer a multitude of perspectives to the organisation to ensure its objectives remain relevant.

Meaning 'to progress', the purpose of the Taqadum programme is to prepare UAE Nationals to become organisational leaders when opportunities arise in the future. The DFSA worked with a global human development consultancy to assess a number of team members, resulting in each receiving a fully customised programme of development initiatives and objectives to be implemented over the next two years. The development centre provided a full and accurate view of each individual's capabilities as well as career development discussions.

In 2019, we will continue to prepare individuals for future leadership assignments but will also focus our efforts on exposing UAE Nationals to challenging assignments within the organisation, as well as where appropriate opportunities to represent us in the region.

While in the past much of our focus has been on building regulatory skillsets, in 2018 we began hiring UAE Nationals within our operational areas. Going forward we will seek to further build UAE National capability in enabling this area of the business.

Efforts to develop our staff have the full support of the DFSA's Board. The interest of the Board in UAE National Development efforts is reflected in the oversight and guidance given by the Emirati Working Group to the HR team in delivering the talent strategy.

2018 Divisional Initiatives

POLICY AND STRATEGY

During 2018, the Policy and Strategy Division completed a number of key policy projects, including:

- Finishing the work started in 2017, with the publication of CP115 on 'Enhancing our Funds Regime', with final rules coming into effect late in 2018, after the enactment of relevant legislation. The rules put in place a framework for Exchange Traded Funds; provisions for the management of liquidity in open-ended funds; improvements to our property funds regime, and other changes enhancing the overall regime for fund registration and supervision.

- Completing changes to our AML/CTF regime, through the publication of consultation papers 118 and 120. These changes were an important part of the DFSA's preparation for the mutual evaluation of the UAE's AML/CTF framework, planned for the summer of 2019.

- Working with the DIFC Authority (DIFCA), who are responsible for the legislation, to complete the long-running project to modernise the DIFC Companies Law. This revamped law was enacted late in 2018, along with a suite of regulations relating to particular types of corporate vehicle. As part of this work, we published (again jointly with DIFCA) CP119, on 'Changes to the Protected Cell Company (PCC) and Investment Company (IC) Regulations'.

We continued to make smaller, but important, changes to the DFSA regime through the publication of miscellaneous consultation papers. 2018 saw the making of the rules consulted on in CP116 (published September 2017), the publication of, and subsequent making of rules from, CP117 (March 2018), and the publication of CP122 (December 2018). These covered a range of topics including prudential reporting; debt issuance; exclusions from financial services; client assets; fees charged for fund registration; and crowdfunding rules.

Lastly, in the area of policy consultation, we published a number of consultation papers towards the end of 2018. These were CP121 on 'Proposals for Fund Platforms', CP123 on 'Funds Protocol', and CP124 on 'Property Crowdfunding'. These proposals have in common the aim to facilitate, or provide a framework for, the carrying on of different types of business in or from the DIFC. The first, CP121, foresees the introduction of an alternative method for Fund Managers to manage a number of funds, with cost efficiencies from the structures proposed. CP123 set out proposals arising from an agreement between the DFSA, the Securities and Commodities Authority of the UAE, and the Financial Services Regulatory Authority (FSRA) of the Abu Dhabi Global Market, on the marketing, sale and distribution of domestic funds in the UAE. CP124 discusses the use of crowdfunding platforms as a vehicle to facilitate equity investment in property.

A number of other projects are in progress and are at varying stages of the policy development process. Firstly, we continue to work to introduce a resolution regime that is appropriate and workable for the DIFC. This is a complex and challenging piece of work. Secondly, under the overall heading of 'FinTech' we are considering our approach to the regulation of digital assets (including crypto-currencies and tokenised securities), including looking at the trading, storage, and marketing of these instruments. Also in this area, we are considering proposals to regulate the provision of money services, including payments, which has previously not been permitted in the Centre. Thirdly, we are looking at our rules for the marketing and provision of highly leveraged products to retail clients. Fourthly, we are reviewing our regime for the holding and control of client assets, so that we can be confident that our regime continues to require the appropriate degree of protection for clients of DFSA-regulated firms.

The Policy and Strategy team contributed to the development of international standards for financial services regulation in 2018, with staff involved in the activities of various committees of the International Association of Insurance Supervisors. In addition, we have:

- Strengthened our relationships with other regulators, particularly within the region, by sharing expertise;
- Monitored consultations issued by international standard-setters and submitted comments on behalf of the DFSA; and
- Participated in surveys, including peer review exercises, carried out by international organisations.

RISK FRAMEWORK

The Policy and Strategy Division manages and develops the DFSA's framework for assessing regulatory risks, conducting exercises to establish the organisation's risk tolerance for firm-specific risks and to review the risk inventory of significant (non-firm specific) risks.

For the Risk Inventory, a mitigation plan is put in place for each risk identified. Progress with this mitigation is reported twice a year to Policy and Strategy. This is discussed and challenged internally, with regular reporting to Board committees on particular risks, as noted under the report of the Risk Committee.

With regards to the DFSA's Risk Tolerance, this is communicated to staff and guides decision making, including prioritisation of issues in the day-to-day supervisory and regulatory activities of the DFSA.

Both of these discussions take place within the context of analysis of global/macro-level issues, which can highlight evolving trends that, over time, may become risks that the DFSA needs to mitigate through its regulation, supervision or its operations.

Additionally, in 2018, Policy and Strategy staff took part in an exercise to review, and update, the risk assessment methodology that we use to assess the extent of risk posed by authorised firms. We will continue to enhance the methodology throughout 2019 and implement this revised methodology during 2020.

STRATEGY AND BUSINESS PLANNING

The Policy and Strategy team is responsible for analysis in a number of areas that contribute to the DFSA's strategic thinking. One output is the DFSA's Business Plan, produced by the team, which is published biyearly covering the two years ahead. In the intervening year, an internal version of the Business Plan is prepared, but not published. During 2018, we have worked on the Business Plan for 2019/20, which was published in early 2019.

In 2018, the team continued to analyse, and report on, economic, political and other developments relevant to the DFSA's operations, as well as reporting on developments in the work of the international standard-setters (see Standard-setters section on page 46).

OUTREACH ACTIVITIES CONDUCTED DURING THE YEAR

During the year Policy and Strategy staff have led outreach sessions on the amendments to the rules on Funds arising from CP115 (March), discussed above. We also participated in the DIFCA outreach on the Companies Law changes (June), and the annual Supervision outreach session (June).

On the FinTech front, the DFSA participated in the DIFC FinTech Hive Accelerator Programme interview days. The Hive continues to strengthen its position as the first financial services accelerator programme in the region.

Supervision and Policy and Strategy staff also spoke at a number of seminars, conferences, roundtables and training courses during the year, as part of the DFSA's broader engagement with stakeholders, on subjects as diverse as macroeconomic developments in the GCC, the regulation of crypto-currencies, Basel III liquidity framework and liquidity management for funds.

SUPERVISION

OVERVIEW

During 2018, we have focused on a number of supervisory and regulatory priorities whilst effecting a divisional change management programme. We continue to engage with our regulatory community through various outreach sessions, as well as the DFSA Annual Supervision Outreach Session, where we share trends, current risks and issues in the wealth management, broking, banking and insurance sectors. We have also undertaken targeted outreach for the Audit, FinTech and Authorisation stakeholders particularly in respect of our Forms Online initiative and AML changes as we prepare for the 2019 Financial Action Task Force (FATF) assessment. As part of our commitment to improving market conduct practices, the DFSA continues to engage with our regulatory peers both in the UAE and internationally through various forums including supervisory colleges, to discuss approaches for addressing concerns and risks common to our supervised entities.

AUTHORISATIONS

The DFSA licensed 69 Authorised Firms (AFs) in 2018, a similar number to 2017. However, the number of new applicants is not fully indicative of the increase of activity in the Centre. Many Firms that were licensed in previous years continue to expand to their staff numbers as well as growing their product and service lines. This broadening and deepening of business is a very positive trend. The DFSA now regulates a total of 491 AFs, 116 Designated Non-Financial Businesses and Professionals (DNFBPs) and has more limited regulatory oversight for a further 16 Registered Auditors (RAs).

While we are witnessing a period of consolidation in the insurance sector, the DFSA continues to see strong interest in the banking and trading sectors. As with 2017, we have seen a healthy growth in the funds and asset management areas, with a marked expansion in the number of Qualified Investor Funds (QIFs).

The domestic funds industry continues to grow in a positive manner. In addition to the asset managers, there are currently 55 Domestic Fund Managers and two External Fund Managers that are able to manage collective investment funds in the DIFC. During 2018, we observed the strongest year to date in the DIFC's Domestic Fund Management industry with a 46 per cent increase in Fund Managers Licensed by the DFSA and a 68 per cent increase in the number of Funds registered with the DFSA. As of 31 December 2018, we have a total of 69 Funds domiciled in the DIFC of which 60 per cent are QIFs.

SUPERVISION ACTIVITY

The restructure of the Supervision Division was completed in 2018. The new structure allows us to deploy supervisory resources more effectively and efficiently across the firm population in the DIFC. It will also ensure that we have the flexibility to react appropriately to global and regional economic developments and the consequent effect of these on DIFC firms. As new firms enter the local market and existing firms become more complex, the restructured Supervision Division will be well placed to assess and mitigate the increasing regulatory and supervisory risks.

The Supervision Division is now comprised of the Authorisation unit and four broad operating units:

- Conduct of Business Risks, covering general conduct issues with a particular emphasis on financial crime, client asset protection, client classification and suitability;
- Operational and Technology Risks, covering operational risks in general, back-office systems and controls and, increasingly, FinTech, information technology, and cyber risks; and
- Prudential Risks, focusing on the financial safety and soundness of all Authorised Firms with a particular emphasis on ensuring the availability of appropriate level of capital and liquidity focusing on credit risk, liquidity risk and insurance risk.
- The Registered Auditors and Credit Rating Agencies team, monitoring external audit, accounting and rating agency issues across the population of Authorised Firms and regulated entities.

CONDUCT OF BUSINESS RISK

Combating financial crime risks has always been one of our key regulatory priorities, and along with other UAE regulators and law enforcement authorities, the DFSA remains vigilant in addressing such risks. In that context, the UAE will be subject to a mutual evaluation assessment by FATF and MENAFATF in July 2019. As part of this Mutual Evaluation, FATF and MENAFATF assessors will focus on whether a country has implemented the FATF Recommendations and how successful it is in maintaining a strong AML/CTF system. The DFSA enhanced its AML/CTF framework, which included updating the DFSA's approach to registration and supervision of Designated Non-Financial Businesses or Professions (DNFBPs) and strengthening the DFSA's regulatory approach to how firms carry out Customer Due Diligence to ensure alignment with FATF Recommendations. Furthermore, the DFSA enhanced its financial crime prevention supervisory program, which includes: reviewing data and trends from the online annual AML Returns lodged by its Relevant Persons; conducting onsite AML risk assessments of our DNFBP population; conducting targeted financial crime specific risk assessments of higher impact regulated entities; and thematic reviews across one or more sectors. We expect this to continue with improvements and enhancements in response to emerging risks.

Following the publication of our thematic review on client classification and suitability in 2017 we continued to place emphasis on these areas throughout 2018. These were a particular area of focus for the firm risk assessments we performed during the year; we challenged firms on their classification of clients (Retail, Professional or Market Counterparties) and will continue to do so in our Conduct of Business Programme in 2019. We will be placing an increased emphasis on ensuring firms recognise their responsibility to ensure the suitability of the products and services recommended to their clients.

During 2018 we enhanced our capabilities to identify, assess and mitigate risks arising from firms holding and/or controlling client assets. This has involved direct engagement with firms that have been identified as presenting high idiosyncratic risks in this area. We have also engaged with all the external audit firms operating in the DIFC to ensure a common understanding of our expectations of the audit reviews they perform. In 2019, we plan to conduct a thematic review on client assets and will continue to engage extensively with firms, their auditors and other advisers.

We have witnessed a significant increase in the number of authorised brokerage firms in the DIFC in 2018. These firms pose some specific risks that can result in poor conduct if they are not identified and mitigated effectively. In addition, there has been increasing regulatory interest in Contract for Difference trading with significant market interventions in other jurisdictions. We have engaged with regulators in other jurisdictions and will monitor how regulatory changes in these jurisdictions affects the business models of firms operating in the DIFC. Brokerage firms will be the focus of a thematic review in 2019.

PRUDENTIAL RISKS

Banking business continued to grow over the year, servicing clients across the region. The DFSA now regulates 33 wholesale-oriented commercial banking entities. A growing number of these banks are using the DIFC as their regional hub to offer their wholesale business activities in the Middle East, Africa and South Asia regions. The majority of the banks operating in the DIFC are classified either as Global or Domestic Systematically Importance Banks by the FSB or their local home authorities.

Our supervisory focus is on ensuring that banks maintain an adequate level of capital and liquidity, where appropriate, commensurate with the nature of risks that they are undertaking. Asset quality, including the availability of appropriate levels of provisioning, is also an area of supervisory focus. Banks in the DIFC have acceptable levels of liquidity with measures taken by the DFSA including requirements to maintain the Maturity Mismatch Ratio 'MMR', the Liquidity Coverage Ratio 'LCR' and the Net Stable funding Ratio 'NSFR'. During 2018 the quality of assets booked in the DIFC increased considerably with a further decrease in the level of the Non-Performing Loans and improved levels of the coverage ratio.

The insurance sector in the DIFC, comprised of reinsurers, intermediaries and managing agents serves an important role in providing reinsurance capacity for the regional insurers. Supervisory resources are focused on governance over underwriting standards, adequacy of reserves, and credit risk of the capacity providers. In addition to undertaking on-site risk assessments, the financial risks are constantly monitored closely through analysis of quarterly and annual prudential returns. 2018 saw an increased number of applications for regulatory approvals as the global reinsurance market continued the trend of consolidation. The supervision team continued to interact with other supervisors - including group supervisors, to assess the overall risk of internationally active insurance groups.

OPERATIONAL AND TECHNOLOGY RISKS

The Operational and Technology Risk (OpTech) team was established in May 2018. The team is responsible for the Innovation Testing Licence (ITL) programme and the development, implementation, and maintenance of an operational (IT / cybersecurity) risk supervision program.

FINTECH

The ITL programme was reorganised and enhanced in 2018. All of the ITL application forms are now online and the programme consists of two cohorts each year, one in June (summer cohort) and one in December (winter cohort). Six firms were welcomed into the May 2018 cohort and one submitted an ITL application. Twelve firms applied for the winter cohort, seven were accepted to the cohort, and five submitted ITL applications. The business models that we have seen include SME funding platforms, digital debt issuances (conventional and Islamic), tokenized equity issuances, tokenized P2P lending, robo-advisory, and blockchain-enabled investment platforms, etc. In November 2018, robo-advisory firm Sarwa Digital Wealth Management, became the first firm to graduate from the ITL programme to a full-unrestricted financial services license.

Throughout the year, the OpTech team engaged in dialogue with other regulatory authorities including the Australian Securities and Investments Commission, Hong Kong Monetary Authority, Financial Conduct Authority (FCA), Monetary Authority of Singapore, Fintech Saudi, and the Securities and Commodities Authority in regards to the supervision of FinTech firms. The team acted as an observer for a proof of concept involving a blockchain distributed ledger KYC platform; and participated in panel discussions at several FinTech industry level conferences and seminars, including the ArabNet Riyadh Finverse (Saudi Arabia), Barclays FIG Clients Conference (Dubai), and the DLA Piper Middle East Tech Summit (Dubai).

Finally, in coordination with other members of GFIN, Supervision began the preparations to support cross-border trials via the ITL Programme.

OPERATIONAL (IT / CYBERSECURITY)

During the Supervision Annual Outreach, the Supervision team highlighted its cybersecurity related systems and controls expectations for Authorised Firms. The DFSA IT department seconded one of its staff to supervision. The primary objectives of the secondment are to develop the requirements and the infrastructure for a cyber-incident and event reporting mechanism; develop the technical infrastructure for a cyber threat intelligence sharing platform; and begin the development of cybersecurity guidelines for publication on the DFSA website.

GENERAL ACTIVITY

The restructuring of the Supervision Division means that we will now have dedicated teams responsible for the entire regulated population in respect of each of the key risk areas of conduct, prudential and operational risk. This will mean that a dedicated Relationship Manager will only be assigned to Authorised Firms with larger footprints, heightened complexity or those that we determine require special supervisory oversight. This also means we will be carrying out less frequent vertically scheduled risk assessments for individual firms, and will conduct more horizontal risk assessments (thematic reviews), based on products and risks.

The DFSA continued to roll out several efficiency initiatives to further bolster our digitisation, automation and straight-through processing. As part of our digitalisation strategy, we expanded the supervision portal to the vast majority of Firms for all enquiries. The same portal is used by all firms for their reporting obligations. We also rolled out our forms-online with the implementation of automated AML reporting.

Our web-based portal has now extended its scope to cover the entire regulated population and we continue to improve the system with a near straight-through-processing of all enquiries planned in the upcoming months. Our initial testing has been successful in this respect and we expect to roll out further improvements in due course and during 2018. While many of these process improvements will not be immediately visible to stakeholders, we expect efficiency improvements in response times and processing returns in the medium and long-term.

MARKETS

SUPERVISING MARKET INFRASTRUCTURE

In 2018, the DFSA continued its efforts to ensure that market operators and clearing houses operated in accordance with the highest international standards and in compliance with the Authorised Market Institutions (AMI) and Anti-Money Laundering (AML) Modules. In the course of supervising and monitoring AMIs in the DIFC, the Markets Division:

- Approved the introduction of derivatives based on underlying instruments in non-DIFC markets, specifically futures based on the ADX & DFM Index, Saudi stocks, and the MSCI UAE Index;

- Engaged with issuers of digital assets and with trading platform operators providing access to blockchain-based transfer facilities;
- Analysed market quality reports in addition to adding enhancements to the reports as a result of the developments and changes to the AMIs' business activities;
- Reviewed and approved significant changes, such as a liquidity incentive scheme, material change requests to the operations, and four rule change requests;
- Conducted reviews of new business initiatives, financial soundness and capital adequacy of the AMIs. Changes related to AMI management and controller changes were also reviewed;
- Completed the thematic review on compliance by authorised firms with the DIFC securities exempt offering regime. The review involved conducting a survey with stakeholders and onsite visits with 12 Authorised Firms;
- Reviewed and monitored the central securities depository and Murabaha platform;
- Further enhanced the process by which suspicious order and trade notifications are processed; and,
- Executed an on-site assessment for both AMIs to monitor and operate surveillance functions of their markets and subsequent compliance with the applicable AMI Rules,

RECOGNITION OF REMOTE PARTICIPANTS IN THE DIFC MARKETS

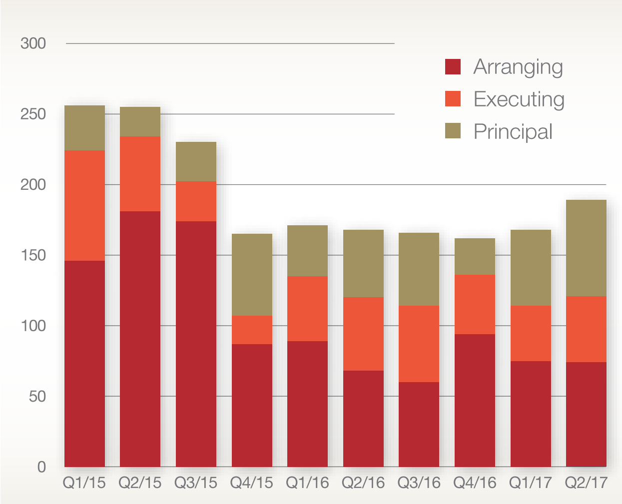
In 2018, requests by recognised firms to expand their business activities on Nasdaq Dubai was granted to three firms and the recognition status was revoked for three firms. In addition, Recognised Body status was also granted to three exchanges/MTFs in 2018. Recognition is required for trading platforms, clearing houses, or broker-dealers which do not have a physical presence in the DIFC. As part of the recognition review process, the staff strengthened their working relationships with SCA staff and collaborated on common issues and concerns including conducting a joint field inspection of a Recognised Member.

The 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.

OTC FIXED INCOME PROJECT

The fixed income securities market in the UAE has experienced considerable growth over recent years. A continued healthy development of this market is important to the economic success of the DIFC and to key initiatives such as the Dubai Islamic Economy Initiative. For this reason the Division published a report in October 2018 to provide data on the Over-The-Counter (OTC) fixed income securities activity taking place in or from the DIFC. The purpose of this project is to gather information on; (1) the, nature, size and complexity of such activity (2) aspects of price transparency and liquidity, and (3) the ways in which transactions are effected. Based on regulatory data received for the two years and six months ending on 30 June 2017 (see graph on next page), DIFC Authorised Firms processed a total of 400,000 fixed income transactions representing a total transaction value of USD 1.9 trillion.

OTC fixed income transaction activity (US Billion Dollars)



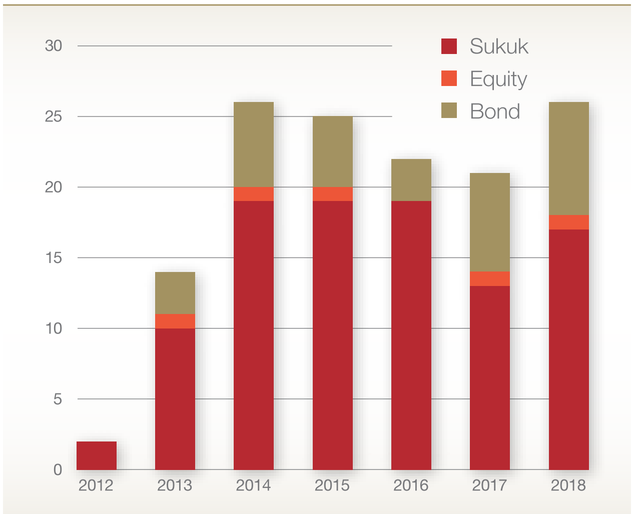
OPERATING OF THE LISTING AUTHORITY

The Listing Authority is responsible for admitting companies to the DFSA Official List of Securities, setting minimum standards for offerings and listings, company disclosures, takeovers and mergers, enforcing these standards and ensuring that they keep pace with international market developments. The Division, as operator of the Listing Authority role, applies a risk-based approach to the review and approval of prospectus documentation and 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, and on an ongoing basis, actively monitors issuers' periodic and ad-hoc disclosures, and engages with issuers when appropriate to ensure adequate and timely disclosure is provided. In addition, the Listing Authority monitors price and volume developments in an effort to detect any market abuse by market participants.

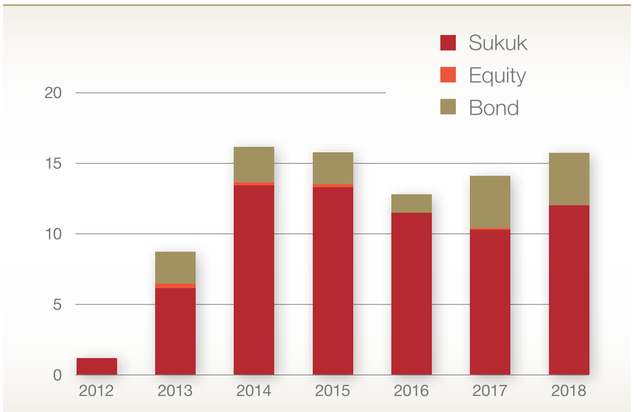
Market conditions for security offerings and listings of debt securities have been comparatively favourable in 2018. This is evidenced by a continued interest in the offering of sukuk in the DIFC. In parallel with the greater UAE and beyond, the environment for equity IPOs continues to be challenging, resulting in no new listings of companies or funds in 2018. However, throughout the course of the year, the Listing Authority was approached by a number of potential applicants for listing in the DIFC, indicating continued interest in the near future.

As at the end of 2018, the Listing Authority had processed 27 debt submissions for review and approval, and admitted 25 debt securities to the List with an aggregate market capitalisation of USD 15.7 billion. Of the number of securities listed, 17 were sukuk with market capitalisation of USD 11.99 billion and the balance represented conventional debt securities.

Number of listings



Total offer value (US Billion Dollars)



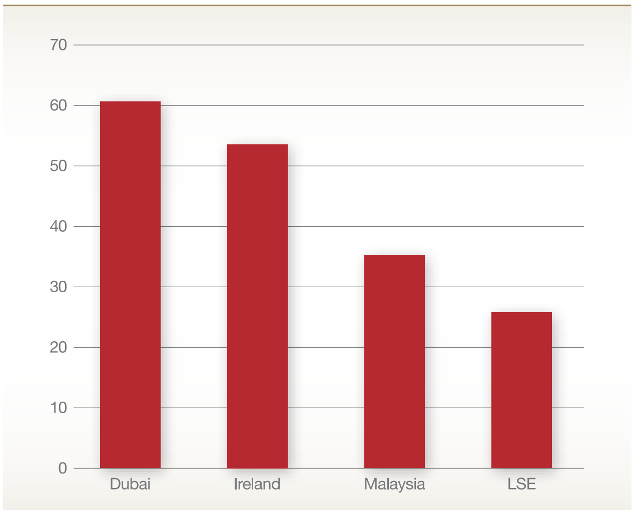
A total of USD 15.7 billion was raised during 2018, compared to USD 14.06 billion in 2017. Please refer to Appendix 6 for securities listed in 2018. The approved transactions show a broad array of issuers including issuers from China, Hong Kong, Indonesia, the Kingdom of Saudi Arabia, Kuwait and the United States of America as well as the majority of issuers still originating in the UAE. During the year, the Listing Authority processed 8 delistings upon maturity and full redemption of the debt securities.

ISLAMIC FINANCE

As noted in the above chart, the Listing Authority had approved the admission of USD 11.99 billion of sukuk to the List in 2018, and according to advisers and lead arrangers, the international regulatory framework and the efficiency of processes are the key factors taken into consideration when choosing to list in the DIFC. In this regard, the executed review and approval timelines for prospectus reviews in 2018 indicate that the service levels are now on par or faster than other approving regulators. This enhancement has been achieved with no comprise to the quality of the review process. The DIFC continues to be a leading jurisdiction for the issuance of listed sukuk in terms of market capitalisation (see chart below).

The DFSA's contribution towards Islamic finance includes sharing experiences and expertise on; the development of the Islamic Capital Market in the DIFC, the approach to regulation, benchmarking with international best practices, challenges impacting the sukuk market, continuing obligations and stakeholders of this industry.

Total market capitalisation of sukuk listed in relevant jurisdictions (US Billion Dollars)



INITIATIVES AND PROJECTS

A key channel for investor and practitioner education and issuer guidance are the Markets Briefs published on the DFSA website. This information is designed to help investors, practitioners and issuers interpret our rules. In 2018, we published two new Markets Briefs covering new DFSA guidelines for the issuance of green bonds and separate guidance relating to wash trades.

LOCAL AND INTERNATIONAL COLLABORATION

The Markets Division continues to engage the DIFC capital markets industry in an ongoing dialogue on evolving best practices and standards. In particular, we have consulted with key stakeholders on fixed income market structure, Islamic finance and derivatives. Markets staff continued their efforts to strengthen the DFSA's relationship with fellow regional regulators and bodies such as the Union of Arab Securities Authorities (UASA), and conducted or participated in several roundtables on market developments for issuers, commodity derivatives and regional exchanges.

The Division also continued to seek feedback from law firms and arrangers in relation to the process of handling conventional and debenture transactions and 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 nine presentations in public forums and publications across the UAE and the GCC, as well as relevant Islamic finance jurisdictions, on a variety of capital markets-related topics. In particular, the Division in collaboration with Nasdaq Dubai organised two outreach sessions in 2018 to familiarise the membership base of Nasdaq Dubai with the DFSA's Code of Market Conduct. The Code provides further guidance on the market abuse provisions in the DIFC Markets Law.

ENFORCEMENT

MATTERS IN THE INVESTIGATIVE STAGE

The Enforcement Division finalised the investigative stage for five matters in 2018 and had six matters still in the investigative stage as at the end of 2018, including a number of complex matters.

The matters being investigated by the Enforcement Division involved a range of suspected misconduct by firms and individuals, including:

- Corporate governance failures;
- Systems and controls failures;
- Anti-money laundering control failures;
- Unlicensed financial service activities;
- The provision of false and misleading information to the DFSA;
- Misleading and deceptive conduct; and
- Breaches of DFSA Principles for Authorised Firms and Authorised Individuals.

DFSA ENFORCEMENT DECISIONS

As a consequence of its investigations, the DFSA issued sanctions against a firm for serious failures to provide complete and relevant information in response to production notices for a DFSA investigation, and against a related individual for obstructing the DFSA in the exercise of its powers and misleading the DFSA by providing false or misleading information and concealing relevant information. As a consequence of settlements with the individual and the firm, the DFSA imposed financial penalties of USD 205,200 on the firm and USD 32,640 on the individual. The firm also agreed to pay USD 100,000 towards the costs of the investigation.

In addition, a number of matters have been referred to the Decision-Making Committee (DMC) for decision:

The DFSA also has two matters pending before the Financial Markets Tribunal (FMT). That is matters where the DFSA has made a decision and the affected person has sought to have the decision reviewed by the FMT.

INITIATIVES

During 2018, the Division, in collaboration with representatives from other Divisions, conducted an end-to-end review of Enforcement processes from the point of referral through to the DMC. As a result, it was recommended that the following changes should be implemented:

- The creation of clear quantitative criteria to assist decisions about whether matters should be referred by the Supervision or Markets Divisions to Enforcement;
- The simplification of the referral process by creating a single decision point and a single document to inform that decision;
- Forming investigation teams comprising members from Enforcement, the referring Division and Legal to ensure appropriate input throughout the life of the investigation;
- Putting more emphasis on early interviews of suspects as a way to focus investigations;
- Improving the efficiency of the settlement process by using Settlement Decision Makers, rather than the DMC, to approve settlement offers and final settlement terms;

- Imposing time limits on the acceptance of settlement offers; and
- Streamlining the DMC process to give subjects the option of written or oral representations and not both, as is currently the case.

The Division also took a number of steps to enhance its forensic technology capability including:

- Acquiring a tool to consolidate disparate types of electronic records and a tool to map relationships and being trained on how to use them;
- Trialling an artificial intelligence data mining tool; and
- Acquiring enhanced functionality for the existing email review tool.

COLLABORATION WITH OTHER REGULATORS

Enforcement continues to collaborate with both regional and international regulators on investigations. Regionally, the DFSA collaborated with the SCA, the UAE Insurance Authority, the Central Bank of the UAE and other UAE law enforcement authorities. Internationally, the DFSA continued to share information about investigations and regulatory concerns with European, North American and Asian regulators, and to coordinate regulatory actions which may arise from joint investigations including ensuring that respective actions are proportionate and consistent.

As a member of IOSCO's Screening Group, Enforcement has continued to work to develop and implement an enhanced international policy for the sharing of information by global securities regulators (i.e. an Enhanced MMoU) which will facilitate even greater levels of cooperation between securities regulators globally.

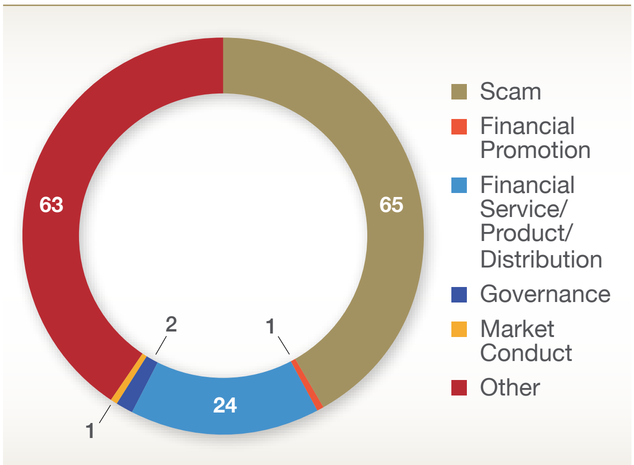
COMPLAINTS MANAGEMENT

Complaints continued to be an important source of intelligence for the DFSA. The DFSA received 158 complaints in 2018. This represented a slight increase to the number received in 2017.

86 per cent of complaints were assessed and finalised by the DFSA within 28 days of receipt. In 13 per cent of complaints, further enquiries and assessment were required to finalise the complaint.

A large proportion of complaints continue to be about the promotion of scams.

Types of complaints (Finalised in 2018)



SCAMS

The DFSA continued its efforts to educate consumers about scams. The DFSA received 65 complaints about scams, and issued 16 consumer alerts in 2018. The types of scams that came to the attention of the DFSA continued to include 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.

INTERNATIONAL RELATIONS

REGULATORY COOPERATION

The fundamental focus of International Relations is to establish, build and maintain a level of confidence and trust among regulators that fosters mutual cooperation and the sharing of information. This is essential for effective oversight of the DIFC's international firms and any firm engaged in cross-border activity. The DFSA's discrete international function also enables the DFSA to play an influential role in crafting the global regulatory regime and providing a consistent approach to all of the DFSA's engagements and activities within the international sphere.

The DIFC Regulatory Law reflects international standards in allowing the DFSA to obtain information on behalf of other supervisory and enforcement agencies and to share that information with them. MoUs support this by giving structure and certainty to the process. They also reflect the level of comfort and, in some cases, a degree of equivalence that exists between fellow authorities. Since 2005, the DFSA has established a network of multi-lateral and bi-lateral MoUs to facilitate this. The International Relations Department is responsible for negotiating and finalising MoUs. At the end of 2018, the DFSA had signed a total number of 105 bi-lateral MoUs and 5 multi-lateral MoUs.

The latest MoU to be signed was with Bank Negara Malaysia, the country's central bank, in November, paving the way for the authorisation of a branch of a Malaysian bank in the DIFC.

The advent of FinTech gave rise to a handful of FinTech-specific Cooperation Agreements in 2017 to support this new market and to share opportunities, enhancements and challenges with other regulators. This outreach continued in 2018 and two more agreements were signed: with the Monetary Authority of Singapore, in August, and the Financial Services Agency of Japan, in September.

The role of Supervisory Colleges as an established forum in the supervisory regime was given further endorsement in 2018 with the inaugural MENAT Supervisory College for HSBC hosted in March by the DFSA in the DIFC. Supervisors from the UAE Central Bank attended and were joined by representatives from the Central Banks of Oman, Morocco and Turkey. As the supervisor of subsidiaries and branches of other banks and insurers with international links, the DFSA participated in a significant number of Supervisory Colleges, hosted by the relevant home supervisor. In

2018, the DFSA participated in 11 Supervisory Colleges – attending nine; and participating remotely in another two by teleconference.

During the year, 67 responses were provided by the DFSA to requests for regulatory information and assistance from fellow regulators. During the same period, the DFSA made 66 requests to fellow regulators for information.

CAPACITY BUILDING

Collaboration with other regulators to enhance their analytical and technical capacity is an important aspect of the DFSA's International Relations programme. It also promotes a better understanding of the regulatory regime of each jurisdiction. The DFSA regularly receives delegations from regions and cities seeking advice on the establishment of and prospects for financial centres, in particular, the DFSA's experience in creating and sustaining a regulatory regime. In March and May, delegations from the Astana Financial Services Authority (AFSA), the regulator of the Astana International Financial Centre, met with senior executives for guidance and advice. In June, this collaboration was formalised by an MoU with the AFSA. Representatives from Vietnam's Ministry of Planning and Investment, the Bank of Uganda and the Guangzhou Financial Centre also visited.

HIGH LEVEL ENGAGEMENT

During 2018, International Relations oversaw meetings of the DFSA Chair with fellow Chairs of the UK Financial Conduct Authority (FCA), the Autorité des Marchés Financiers of France, the European Banking Authority, European Securities and Markets Authority, the US Securities and Exchange Commission and Commodity Futures Trading Commission; the Vice Chair of the US Federal Reserve Board of Governors, the President of the New York Federal Reserve, the US Treasury Under-Secretary for Anti-Terrorism, the US Comptroller of the Currency, as well as some of the Group Chairs of the global banks that have branches in the DIFC. Similarly, the DFSA's Chief Executive met with his counterpart at the FCA, the Head of the Prudential Regulation Committee of the Bank of England, the Chair of the International Accounting Standards Board and the UK Financial Reporting Council, the Vice Chair of the China Banking and Insurance Regulatory Commission, the Chairs and Secretaries-General of the Islamic Financial Services Board, International Association of Insurance Supervisors, the Basel Committee and International Organisation of Securities Commissions, among others.

REGIONAL RELATIONS

The DFSA's relationships with its counterparts in the GCC and the Middle East remain a key priority. The Chief Executive continues to meet regularly with his federal counterparts, the Governor of the Central Bank of the UAE and the Chief Executive of the Emirates Securities and Commodities Authority (SCA) and, on the side-lines of meetings of the International Association of Insurance Supervisors, with the Director General of the UAE Insurance Authority. Periodic and case-specific meetings and joint initiatives at an operational officer level also continue to take place with all three regulators.

Among those joint initiatives was an agreement signed in November between SCA, Abu Dhabi Global Market (ADGM) and the DFSA concerning the marketing and sale of domestic funds throughout the UAE without the need for separate approvals or authorisations.

Another major joint initiative during the year has been preparation for the UAE's Financial Action Task Force (FATF) Mutual Evaluation in 2019. The DFSA has worked closely with the Financial Intelligence Department (FID) and other Federal Authorities to that end. The DFSA also engages with the FID to obtain and share information from the National Anti-Money Laundering and Combating Terrorist Financing Committee.

As the lead supervisor for HSBC Middle East (HBME), the DFSA's links are critical with the central banks who substantively oversee the activities of the bank in their jurisdictions. To that end, an MoU was signed with the Central Bank of Bahrain in January. MoUs are being pursued with the central banks of Egypt, Kuwait and Morocco. In February, in contemplation of interest from Omani banks to set up in the DIFC, an MoU was signed with the Central Bank of Oman.

The DFSA remains an Observer at the Arab Union of Securities Authorities (UASA) and it continues to provide speakers and support UASA's training initiatives and contributes to the Union's work on issues in common. Given its elevation to full membership of IOSCO in 2018, the DFSA will seek a similar status with the UASA and be able to enhance its contribution to the Union's mandates. In late 2018, the DFSA attended a meeting to re-activate the Arab Federation of Insurance Commissions, the UASA's insurance equivalent, which we hope to be able to join.

IOSCO's Africa and Middle East Regional Committee (AMERC) is one of the four regional committees established by IOSCO. Its 20 members canvass and discuss critical issues for the wider region for consideration and implementation by the Board.

By the 40th AMERC meeting in Budapest in May, the Committee's Working Group on the state of listings on Africa/Middle East Exchanges was close to finalising its report.

THE GENERAL COUNSEL AND LEGAL DIVISION

During 2018, members of the Legal Division, reporting to the General Counsel, were responsible for drafting the legislation required to implement all of the policy initiatives set out under the Policy and Strategy divisional initiatives. The Division advised the operational divisions on the supervision and enforcement of the Laws and Rules administered by the DFSA, and on the application of legislation and associated jurisdiction issues. The Division managed the review of draft Federal and Dubai legislation and assisted the Supreme Legislation Committee on such matters. The Division also provided advice and counsel on complex authorisation queries involving international group structures.

The Division processed a number of waiver applications through the Rules and Waivers Committee and provided legal and administrative support and advice to the Decisions Steering Committee and the Decision Making Committee in respect of several matters in 2018.The Division was also responsible for reviewing and advising upon various contracts and insurance policies.

In 2018, the Financial Markets Tribunal (FMT) heard one appeal against a DFSA decision and one further decision has been referred to the FMT but is yet to be heard. The Legal Division has provided representation for the DFSA before the FMT. The Division has also represented the DFSA in the DIFC Courts, including in respect of proceedings involving a business transfer scheme and also in a data protection matter. The General Counsel also represented the DFSA on the DIFC Courts' Users Committee and DIFC General Counsel's Forum.

In addition to managing and supervising the activities of the Legal Division, the General Counsel provided advice to the Board of Directors and its committees in respect of governance and legal issues in 2018. Finally, the General Counsel performed the role of Board Secretary in managing the business of the Board and its committees, including preparing meeting agendas and drafting papers for consideration by the Board, as well as preparing meeting minutes and maintaining registers of Board members' affiliations and other disclosures.

HUMAN RESOURCES

Human Resources (HR) undertook a number of critical initiatives in 2018. There was a talent focus on preparing technical staff for future leadership roles. To this end, a number of development centres were run and employees were able to take away Individual Development Plans to guide their preparation for possible line management responsibilities. Fifty technical staff of varying nationalities participated.

Furthermore, from an operational perspective HR has revised its policies and processes to provide better services to its employees, better support to line managers and to continually improve its effectiveness in the organisation. HR renewed the DFSA's medical and life insurance, achieving a significant cost reduction with enhanced coverage. This was accomplished through a market review in conjunction with our newly appointed insurance broker. Other HR led initiatives have included an employee engagement survey, external salary benchmarking and internal analysis with an external provider to guide our remuneration strategy.

Our Talent Acquisition team sourced or initiated the recruitment process for 39 positions during the course of the year in addition to successfully hiring five high calibre, UAE National Graduates who were engaged for the DFSA's flagship TRL Programme. This supports our efforts to ensure the continued development of our UAE National regulatory cadre.

OPERATIONS

The overall strategic objective of the Division is to ensure that the DFSA, from an operational perspective, is ready for the future. The approach being adopted by the Division is to proactively identify business requirements, assess the latest market trends, align with government initiatives including SMART Dubai and the National Innovation Strategy, build and manage strategic relationships and provide innovative solutions.

Throughout 2018, the Division managed the DFSA's contribution to developing international standards, facilitated by state of the art operational infrastructure. Nine digital transformation projects were implemented to improve the efficiency of internal systems in 2018 as well as an additional two projects for external users - the Electronic Prudential Reporting System (EPRS) which allows for electronic submission of Firms' financial returns and Online Forms (Authorisation). This digital transformation strategy will continue into 2019 with a particular emphasis on the role of Artificial Intelligence within the DFSA's operations.

CORPORATE AFFAIRS

- In 2018, the Corporate Affairs Department managed and developed stakeholder relationships, both internally and externally, to ensure that the DFSA delivered on its core values of transparency and accessibility.
- The Department took a multifaceted approach to external communication over the year by focusing on strengthening the DFSA's relations with prominent media and developing international reach – as a result, the DFSA continues to be covered by leading publications in major financial hubs across the globe. In addition to this, the Department collaborated with key government stakeholders such as Dubai Media Office and undertook regular media monitoring of DFSA mentions, sentiments, tonality and trends.

In 2018, the department focused on:

- Aligning its activities with the vision and key strategies of UAE Vice President, Prime Minister and Ruler of Dubai, His Highness Sheikh Mohammed Bin Rashid Al Maktoum and the UAE Government. This included;
  - Internal initiatives inspired by 'The Year of Zayed' such as themed internal newsletters and employee events;
  - Continuing the implementation of the 'National Innovation Strategy' by highlighting each stage of the DFSA's digital transformation strategy;
  - Supporting the development of national capabilities through the Bawabaty internship programme; and
  - Fostering and building relationships with key government stakeholders;
- Collaboration with DIFC bodies around Government events and publications;
- Strengthening the reputation of the DFSA through international positioning of the DFSA and Dubai, thought leadership features, innovation, and streamlining accessibility and processes;
- Supporting the delivery of the FinTech communication strategy which has gained significant momentum locally, regionally and internationally; and
- Building employee engagement through community awareness & CSR activities.

The team issued 34 media releases, 13 features, eight notices of consultation paper release and five notices of amendments.

There were 12 publications produced in 2018, including:

- The DFSA in Action, Volume 15, a bi-lingual publication;
- The DFSA's Annual Report 2017, a bi-lingual publication;
- The DIFC OTC Fixed Income Securities Market Report; and
- Two issues of CONNECT – the DFSA's internal staff newsletter in English.

PROJECTS AND PLANNING

Projects and Planning have been engaged in the monitoring of the DFSA's 2018 Business Plan and the development of the 2019/2020 Business Plan. The team continues to deliver a variety of projects across the organisation, as well as the planning and delivery of international events hosted by the DFSA.

Process improvement work with many of the divisions continues, with ongoing demand for support and administration of surveys, which engage both internal and external stakeholders.

INFORMATION TECHNOLOGY

In 2018, the IT Department further developed the digitalisation and transformation of internal and external systems by leveraging on the use of Artificial Intelligence (AI) and Machine Learning within its Cyber Security and Regulatory Systems.

Numerous projects were successfully implemented including; enhancements to the core regulatory system as well as EPRS (Electronic Prudential Reporting System), further expansion of electronic authorisation forms were also introduced and various paperless and automation initiatives were delivered.

IT Security continued to be of high importance with the introduction of predictive analytics and AI, plus continued 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 and vulnerability testing was conducted for the 12th consecutive year by independent third party security specialists.

FINANCE

The DFSA controlled its expenditure within the approved budget in 2018. In the course of the financial year, the DFSA maintained its accounting records and prepared its annual financial statements in accordance with International Public Sector Accounting Standards (IPSAS). The DFSA received an unqualified audit opinion in respect of the 2018 financial statements.

A number of projects were completed in the course of the year to enhance the system of internal controls from a finance perspective. Reviews of the Operational Authority Matrix and Finance Policies and Procedures were conducted in 2018 to ensure that the control framework for all DFSA expenditure was robust. A key part of the enhancements continue to relate to the automation of payment, procurement and invoicing processes to increase efficiencies within the organisation. All changes were approved by the Audit Committee in the course of the year.

ADMINISTRATION

The Administration Department continues to ensure that the DFSA's offices are managed and maintained to the highest standards. Vendor relationships are strictly monitored and reviewed to provide the best value and effective use of both outsourced facilities management resources and budgets. All fit out projects and daily requests from internal stakeholders were delivered within the specified timelines and available resources.

The health and safety of DFSA staff and available facilities, including adherence to Civil Defence requirements, were achieved successfully.

Looking Forward

THE DFSA'S BUSINESS PLAN FOR 2017/2018 WAS DRIVEN BY FOUR STRATEGIC THEMES

At the core of our approach to strategy are four Strategic Themes, which we use to frame and describe our work. These Strategic Themes are what drove our work over the course of 2018. The themes – **Delivery**, **Sustainability**, **Engagement** and **Innovation** - reflect the context in which we operate.

We discuss below some of the things we have achieved under each theme, each of which describes an important aspect of the DFSA's work and plans for future development.

DELIVERY

Our **Delivery** theme focuses on performing our core functions excellently by ensuring we provide a world-class regulatory regime and maintain quality as the DIFC scales.

During 2018, preparation for the FATF Mutual Evaluation in 2019 was a major priority for the DFSA. Such preparation included a review against relevant standards, preparing and undertaking a DIFC specific Risk Assessment and conducting a dry run review with an independent assessor. We were also active in providing support to UAE authorities in preparing for the Mutual Evaluation. Further, we implemented enhancements to our AML/CTF regulations in October, helping to ensure technical compliance with FATF recommendations.

We placed a heavy emphasis on cybersecurity and similar risks faced by firms through the year. This included enhancing our approach to operational risk faced by firms while also establishing an Operational Risk Division within our Supervision department. In addition, we continued to work closely with firms utilising our Innovation Testing Licence to understand better the risks new technology may place on firms, as well as potential opportunities that may arise.

In 2018, we further enhanced our funds regime, including with respect to listings, property funds and Exchange Traded Funds.

SUSTAINABILITY

Under **Sustainability**, all the ways we change the DFSA have an eye to the long-term, including building resilience in our processes, minimising dependence on particular individuals, and supporting Dubai Government initiatives.

Throughout 2018, a key focus for us was to continue to enhance our organisational robustness and resilience, such as our work on enhancing our knowledge management systems to aid our 'corporate memory' and to enhance further our risk-based approach to regulation. We also supported various Dubai Government initiatives, such as our approach to new financial technology, which included assisting the DIFC FinTech Hive where necessary.

We continue to build UAE National Capability. In 2018, we received a new intake of six Emirati Graduates via our Tomorrow's Regulatory Leaders (TRL) Programme. Our two-year TRL Programme, in place since 2007, continues to provide a basis for developing UAE regulatory capability. We also built capacity through the introduction of other initiatives, including via secondments to regulators in other jurisdictions and a bespoke leadership programme.

Cybersecurity was a top priority for us internally throughout 2018 and formed a core part of ensuring robustness and resilience of our organisation. We updated many devices internally, as per our technology roadmap, ensuring a controlled, planned and appropriate replacement of our technology to protect our systems and network. Further, we continued to test our systems against a cyber-attack and have improved internal education of such risks to ensure we remain vigilant to such threats.

ENGAGEMENT

Under our **Engagement** theme, we strive to be actively engaged with our key stakeholders, including our regulated community, key 'home' regulators, standard-setters and regional regulators.

Within the UAE, we have cooperated with the three Federal regulatory bodies – the UAE Central Bank; the Securities and Commodities Authority; and the Insurance Authority. We have also worked with the Financial Services Regulatory Authority, the part of the Abu Dhabi Global Market organisation that is responsible for regulation in that financial free zone. We continued to contribute to the work of the major standard-setters such as the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the International Organization of Securities Commissions, the International Forum of Independent Audit Regulators, and the Islamic Financial Services Board.

We have continued with our efforts to engage regularly with our regulated community, particularly through our programme of Outreach sessions. This continues to serve us effectively in promoting understanding of our regulatory regimes and to improve practices. Further to this, our staff have participated in many events across the UAE and broader region, seeking to build relationships with regional regulators, firms and various other relevant stakeholders.

Our efforts of recent years to build better relationships in the immediate and wider region have been successful, with more contact made with our peers in the GCC and MENA regions than has been the case in the past. We have discussed a wide range of issues with our peers, such as bank regulation, crowdfunding, listing of securities, cross-border business and a range of issued related to FinTech.

INNOVATION

Under our **Innovation** theme, we will work to be a creative and facilitative regulator in response to recent technological developments within the financial services sector, and seek to adopt new technologies where appropriate.

Our Forms Online project, which began its rollout phase in 2017, continued through 2018 with the rollout of additional forms. This enables stakeholders to do far more business online with the DFSA, making things easier and less costly, while helping us with automation of business processes, leading to smoother and quicker internal processes. Applications for Representative Offices, Authorised Individual and Principal Representatives are now available for completion using the DFSA ePortal.

On facilitating the development of new technology, we have set out our work in the FinTech section of this Annual Report (see FinTech section on page 55).

RegTech has also been a key area for the DFSA and we have worked with a number of firms offering potential solutions to issues faced by the regulated community in seeking to be compliant with their obligations. Most such offerings do not need to be regulated by the DFSA, as they do not involve the provision of a financial service, though it is important to understand developments in this field. When the regulated community uses such solutions to help meet their regulatory obligations, the DFSA needs to understand the benefits, limitations and risks such new technology can bring. In addition, we have continued to seek out how such technology can be utilised by us to enhance our approach to risk-based regulation.

DFSA 2019/2020 Business Plan Summary

DFSA 2017/2018 BUSINESS PLAN SUMMARY		
VISION	To be an internationally respected regulator, leading the development of financial services through strong and fair regulation.	
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.	
STRATEGIC THEMES IN ACTION		
DELIVERY EXECUTE CORE FUNCTIONS WITH PROFESSIONALISM & EFFICIENCY	DELIVER WORLD-CLASS REGULATION & EFFECTIVE ENFORCEMENT	Undertake thorough preparations for, and follow-up to, the FSAP and FATF assessments and provide any requested support to other UAE authorities.
		Focus on proportionate, DIFC-appropriate implementation of international standards. Pursue Rulebook simplification, where possible. Take relevant and appropriate enforcement action.
	MAINTAIN QUALITY AS DIFC SCALE INCREASES	Pursue efficiencies without compromising on quality (e.g. refinements to risk-based regulation).
		Deliver creative process and IT solutions as part of maintaining operating excellence.
SUSTAINABILITY POSITIVELY SHAPE OUR ENVIRONMENT & 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.
	SUPPORT DUBAI GOVERNMENT AND DIFC STRATEGIES	Work more closely and collaboratively with DIFC bodies to support sustainable growth of the Centre. Continue alignment with DIFC and Dubai Government Strategy (Islamic economy, etc.).
	BUILD UAE NATIONAL CAPABILITY	Continue to build regulatory capacity via the TRL and Mentoring Programme. Strive to improve Emirati representation throughout the DFSA.
	JURISDICTIONAL UNCERTAINTY	Maintain efforts to resolve on-going boundary issues so that the Centre can continue to grow.

ENGAGEMENT THOUGHTFUL AND ACTIVE ENGAGEMENT WITH KEY STAKEHOLDERS:	REGULATED FIRMS AND HOME REGULATORS	Regulate in a consistent, transparent and risk-based manner. Promote understanding of the regulatory regime. Maintain sound relationships with regulators in key jurisdictions; develop relationships in jurisdictions anticipated to have increased importance.
	OTHER REGULATORS	Engage (i) MENA/GCC regulators and contribute to regional fora, and (ii) African regulators.
	DUBAI AND UAE AUTHORITIES	Continue building relations with Dubai and UAE bodies. Engage constructively with plans by Federal authorities to enhance the UAE financial sector.
	GLOBAL STANDARD SETTERS	Retain our standing among key global standard setters.
INNOVATION CREATIVE & FACILITATIVE APPROACH AS A REGULATOR & AS AN ORGANISATION:	FACILITATE FINTECH DEVELOPMENT	Take steps to understand the risks and opportunities posed by FinTech; respond appropriately. Support UAE and Dubai efforts.
	BE PART OF ADVANCES IN REGTECH	Refine warning systems to ensure responsiveness to emerging risks. Facilitate development of industry-led RegTech solutions.
	WORKING SMARTER	Implement digitalisation strategy for the whole of the DFSA, to achieve Dubai government and DFSA goals, including becoming even more risk-based.

REGULATORY PRIORITIES		
FINANCIAL CRIME BE VIGILANT IN ADDRESSING ALL FINANCIAL CRIME ISSUES. STRENGTHEN EXISTING LINKS WITH RELEVANT LOCAL AND FEDERAL BODIES TO MITIGATE FINANCIAL CRIME RISKS.	CONDUCT CONTINUE TO EMPHASISE CONDUCT RISK (GENERALLY MORE PROMINENT THAN PRUDENTIAL) WHILE PROVIDING APPROPRIATE PRUDENTIAL ATTENTION TO FIRMS EXPECTED TO HAVE RAPID BALANCE SHEET GROWTH.	STANDARD ALIGNMENT 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.

Appendices

APPENDIX 1

APPENDIX 2

APPENDIX 3

APPENDIX 4

APPENDIX 5

APPENDIX 6

APPENDIX 7

APPENDIX 8

Dubai Financial Services Authority

Independent auditor's report to the Board of Dubai Financial Services Authority

OUR OPINION

In our opinion, Dubai Financial Services Authority's ("DFSA") financial statements present fairly, in all material respects the financial position of the DFSA as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

What we have audited

The DFSA's financial statements comprise:

- the statement of financial position as at 31 December 2018;
- the statement of financial performance for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

INDEPENDENCE

We are independent of the DFSA in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

OTHER INFORMATION

Management is responsible for the other information. The other information includes the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the DFSA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the DFSA or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the DFSA's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 DFSA's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the DFSA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the DFSA to cease to continue as a going concern.

- Conclude the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For and on behalf of PricewaterhouseCoopers (Dubai Branch)

PricewaterhouseCoopers
Dubai, United Arab Emirates
Date: 20 February 2019

Dubai Financial Services Authority
Statement of financial position
(As At 31st December)

	Note	2018 AED'000	2017 AED'000
Assets			
Non-current assets			
Property and equipment	5	3,827	4,721
Intangible assets	6	5,223	4,614
		9,050	9,335
Current assets			
Other receivables	7	20,009	23,809
Cash and cash equivalents	8	182,605	161,395
Defined benefit plan net assets	9	629	837
		203,243	186,041
Total assets		212,293	195,376
Equity and liabilities			
Equity			
Contributed capital and reserves			
Contributed capital		5,755	5,755
Reserve of the DFSA	2.11	100,000	119,954
Employees' end of service benefit scheme cumulative actuarial (loss)/gain	9	(756)	181
Total equity		104,999	125,890
Liabilities			
Current liabilities			
Fee income received in advance	2.10	48,395	46,754
Amounts due to Government	11	34,328	-
Creditors, accruals and other liabilities	10	24,571	22,732
		107,294	69,486
Total liabilities		107,294	69,486
Total equity and liabilities		212,293	195,376

These financial statements were approved for issue by the Board of Directors on 20 February 2019.

Signed on behalf of the DFSA Board

The notes on pages 78 to 90 form an integral part of these financial statements.

Dubai Financial Services Authority
Statement of financial performance
(Year ended 31st December)

		2018	2017
	Note	AED'000	AED'000
Appropriations from Government	2.11, 4	117,420	117,420
Fee income	2.10	68,943	58,819
Other income	13	3,507	2,328
Total income		189,870	178,567
General and administration costs	14	(160,402)	(150,124)
Board of Directors' costs	16	(13,959)	(11,924)
Financial Markets Tribunal costs		(1,135)	(252)
Total expenses		(175,496)	(162,300)
Excess of income over expenditure		14,374	16,267

The notes on pages 78 to 90 form an integral part of these financial statements.

Dubai Financial Services Authority
Statement of Changes in Equity

	Contributed capital	Reserve of the DFSA	Employees' end of service benefit scheme cumulative actuarial gain/(loss)	Accumulated surplus	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2017	5,755	103,687	(1,546)	-	107,896
Excess of income over expenditure	-	-	-	16,267	16,267
Transfer to Reserve of the DFSA (Note 2.11)	-	16,267	-	(16,267)	0
Remeasurement of net defined benefit asset (Note 9)	-	-	1,727	-	1,727
At 31 December 2017	5,755	119,954	181	-	125,890
Excess of income over expenditure	-	-	-	14,374	14,374
Transfer to Amounts due to Government (Note 2.11)	-	(19,954)		(14,374)	(34,328)
Remeasurement of net defined benefit asset (Note 9)	-	-	(937)	-	(937)
At 31 December 2018	5,755	100,000	(756)	-	104,999

The notes on pages 78 to 90 form an integral part of these financial statements.

Dubai Financial Services Authority Statement of Cash Flows

(Year ended 31st December 2018)

		2018	2017
	Note	AED'000	AED'000
Operating activities			
Excess of income over expenditure		14,374	16,267
Adjustments for the following items:			
Depreciation	5	1,380	1,259
Amortisation	6	1,632	1,313
Loss on disposal/write off of property and equipment		3	-
Provision for end of service benefits	15	4,940	4,241
Interest received	13	(2,634)	(2,200)
Other non-cash transactions		(729)	(119)
Operating cash flows before payment of amount payable to Government from fines collected and changes in working capital		18,966	20,761
Changes in working capital:			
Contributions made for the end of service benefits	9	(4,940)	(4,241)
Other receivables, net of interest		3,800	(3,483)
Fee income received in advance		1,641	6,661
Creditors, accruals and other liabilities		1,839	3,262
Net cash generated from operating activities		21,306	22,960
Investing activities			
Purchase of property and equipment	5	(489)	(1,444)
Purchase of intangible assets	6	(2,241)	(922)
Interest received	13	2,634	2,125
Net cash used in investing activities		(96)	(241)
Net increase in cash and cash equivalents		21,210	22,719
Cash and cash equivalents, beginning of the year	8	161,395	138,676
Cash and cash equivalents, end of the year	8	182,605	161,395

The notes on pages 78 to 90 form an integral part of these financial statements.

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2018)

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.

These financial statements were approved for issue by the Board of Directors of the DFSA on 20 February 2019.

2 Significant accounting policies

2.1 Basis of preparation

Effective 1 January 2014, the DFSA adopted International Public Sector Accounting Standards ("IPSAS"). Accordingly, the financial statements have been prepared in accordance with IPSAS. Where an IPSAS does not address a particular issue, the relevant International Financial Reporting Standard ("IFRS") has been applied.

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. 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, Presentation of budget information in financial statements).

These financial statements are prepared on an accrual basis and cover the period from 1 January to 31 December 2018.

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.

2.2 Changes in accounting policies and disclosures

a) New and amended standards adopted by DFSA

There are no IPSAS' or amendments that are effective that would be expected to have a material impact on DFSA's financial statements.

b) New standards and amendments issued but not effective

Following are the standards effective for the financial year beginning on or after 1 January 2019 and not material to the DFSA:

- IPSAS 41, Financial Instruments (effective 1 January 2022);
- IPSAS 39, Employee Benefits (effective 1 January 2019) and
- IPSAS 40, Public Sector Combinations (effective 1 January 2019).

2.3 Foreign currency translation

Functional and presentation 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).

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

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2018 – Continued)

2.3 Foreign currency translation (continued)

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. The translated primary financial statements are unaudited.

2.4 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 and amortisation are computed using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual values over their expected useful lives as follows:

	Years
Leasehold Improvements	10
Fixtures and Fittings	7
Office equipment	5
Computer Equipment - Hardware	5
Computer Equipment - Laptops & Peripherals	3
Computer Software	5

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 amount 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 lives are reviewed, and adjusted if appropriate, at each reporting date.The gain or loss 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 the estimated recoverable amount.

2.5 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 an estimated useful life of 5 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.

Development costs that are directly associated with identifiable and unique software controlled by the DFSA are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include employee benefits expense of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

2.6 Impairment

At the end of each reporting period, the DFSA reviews the carrying amounts of its tangible and intangible 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).

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2018 – continued)

2.6 Impairment (continued)

Recoverable amount is the higher of the 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 financial 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 the 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 the prior years. A reversal of an impairment loss is recognised immediately in the statement of financial 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.

2.7 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.

2.8 Payables

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

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

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 recognised instead of revenue. Where such grants have no stipulations attached to them, and no performance obligations imposed by 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 the 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).

Fines levied

Please refer to Note 2.11, with respect to fines levied.

Revenue from exchange transactions

Revenue from exchange operations is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2018 – Continued)

2.10 Revenue recognition (continued)

Fee income

Application fees are recognised as income when invoiced. Annual fees are recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

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 Reserve of the DFSA

The Reserve of the DFSA is available to meet contingencies arising from the discharge of the DFSA's regulatory responsibilities. This reserve could be called upon to cover exceptional levels of expenditure in excess of revenues in a particular financial year.

In prior years the DFSA maintained two separate reserves: a Litigation Reserve and a Regulatory Reserve. The Board of Directors of the DFSA made a decision in 2018 to merge the two reserves and rename the combined reserve as ' the Reserve of the DFSA'. Following discussions with the Government of Dubai it was agreed that the level of this reserve would be maintained at AED 100 million and any amounts in excess of that level would be transferred to the Government of Dubai following the approval of the audited Financial Statements by the Board.

Prior to merging the two reserves, fines levied were appropriated to the Litigation Reserve. With effect from December 2018, fine income received in connection with breaches of regulations in the DIFC is to be included in the Statement of Financial Performance in the year in which the income is received. Should this result in a surplus for the year, this surplus will be transferred to Government following approval of the Financial Statements by the Board.

2.12 Employee benefits and post-employment benefits

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

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

UAE National employees 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 UAE payroll costs to the retirement benefit scheme to fund the benefits for the UAE national employees. Pension contributions in respect of UAE nationals under a defined benefit contribution scheme are recognised as an expense in the period to which they relate.

2.13 Leases

Where the Company is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are charged to profit or loss for the year on a straight-line basis over the lease term. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2018 – Continued)

2.14 Financial instruments

Financial assets, including cash and cash equivalents (Note 8), other receivables (Note 7) and financial liabilities including creditors, accruals and other liabilities (Note 10) 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 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 or 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.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the company transfers substantially all risks and rewards of ownership.

2.15 Segment reporting

The Company's operations are limited to regulation of financial and related activities in DIFC. The financial information reported to the governing body and the Directors does not present expenses, revenues, assets and liabilities by service line, geography, or any other segment.

The management of the Company believes segment reporting is not meaningful to the users of these financial statements. Accordingly, the Company does not present segment information in accordance with the requirements of IPSAS 18, Segment Reporting.

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. DFSA management seeks to avoid risks by not engaging in transactions with foreign suppliers. DFSA doesn't have agreements with floating interest rates and closely monitores monetatry balances.

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 significant exposure to interest rate risk.

DFSA does not have formal policies and procedures in place for the management of interest rate risks as management considers this risk as insignificant.

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 and bank balances.

The DFSA seeks to reduce the credit risk by monitoring existing outstanding debtor's balances. Bank deposits are limited to high-credit-quality financial institutions and bank ratings are reviewed on an annual basis. DFSA places deposits in dffferent banks to avoid the concentration of risk. Management does not expect any losses from non-performance by these counterparties.

Dubai Financial Services Authority Notes to the Financial Statements

(for the year ended 31st December 2018 – Continued)

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, management are required to make judgements, 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 estimating uncertainty at the end of the reporting period, that have a significant risk in causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Judgement in respect of contributions from the Government (Revenue recognition)

In the course of 2018, following discussions with the Department of Finance it was agreed that the funding received from the Government of Dubai would remain at AED 117,420,000 and that the Reserves of the DFSA would be set at AED100 million. Any surplus arising in the course of a financial year would be returned to the Government of Dubai following the approval of the Financial Statements by the Board. In the case of a deficit in a financial year the Government of Dubai would provide additional funding to ensure the Reserve of the DFSA remained at the agreed level of AED 100 million.

With effect from 1 January 2019, the manner in which the DFSA accounts for funds received from the Government of Dubai will change and will be treated as deferred income.

Employee benefits and post-employment benefits

The present value of the defined benefit plan net assets/liabilities depends on a number of factors that are determined using actuarial techniques and assumptions. These assumptions include the discount rate, salary escalation rate and withdrawal rate. Any changes in these assumptions will impact the carrying amount of defined benefit plan net assets/liabilities.

As IPSAS 25, Employee Benefits, does not indicate how a discount rate should be determined, the Company referred to International Accounting Standard ('IAS') 19, Employee Benefits. In accordance with IAS 19, the discount rate is determined by reference to market yields at the reporting date on high quality corporate bonds (typically taken to be AA rated corporate bonds) of similar term and currency to that of the liabilities. IAS 19 also states that in countries where there is no deep market in corporate bonds, the market yields on government bonds should be used.

As UAE does not have a deep market in corporate or government bonds, the Company has used yields on high-quality US corporate bonds (Citigroup Aa Above Median Discount Curve) based on market conditions as at 31 December 2018. Setting the discount rate with reference to US corporate bonds is a commonly used approach by companies in the UAE as the local currency is pegged to the US dollar.

The salary escalation assumption takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Withdrawal rate assumptions are based on average withdrawal rates during last three years. The Company changed the discount rate, salary escalation rate and withdrawal rate assumptions (Note 9).

Dubai Financial Services Authority
Notes to the Financial Statements

(for the year ended 31st December 2018 – Continued)

5 Property and equipment	Leasehold improvements	Fixtures and fittings	Office equipment	Computer equipment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Cost					
At 1 January 2018	15,327	4,748	637	17,466	38,178
Additions	-	51	8	430	489
Disposals	-	(4)	(5)	(4,997)	(5,006)
At 31 December 2018	15,327	4,795	640	12,899	33,661
Accumulated depreciation					
At 1 January 2018	14,671	4,472	611	13,703	33,457
Charge for the year (Note 14)	92	54	15	1,219	1,380
Disposals	-	(1)	(5)	(4,997)	(5,003)
At 31 December 2018	14,763	4,525	621	9,925	29,834
Net book value					
At 31 December 2018	564	270	19	2,974	3,827

	Leasehold improvements	Fixtures and fittings	Office equipment	Computer equipment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Cost					
At 1 January 2017	15,292	4,761	694	16,853	37,600
Additions	35	76	-	1,333	1,444
Disposals	-	(89)	(57)	(720)	(866)
At 31 December 2017	15,327	4,748	637	17,466	38,178
Accumulated depreciation					
At 1 January 2017	14,580	4,516	657	13,311	33,064
Charge for the year (Note 14)	91	45	11	1,112	1,259
Disposals	-	(89)	(56)	(720)	(866)
At 31 December 2017	14,671	4,472	611	13,703	33,457
Net book value					
At 31 December 2017	656	276	26	3,763	4,721

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2018 – continued)

6 Intangible assets			
	Software	Capital work in progress	Total
	AED'000	AED'000	AED'000
Cost			
At 1 January 2018	24,895	-	24,895
Additions	711	1,530	2,241
Transfer from capital work in progress	1,148	(1,148)	-
At 31 December 2018	26,754	382	27,136
Accumulated amortisation			
At 1 January 2018	20,281	-	20,281
Charge for the year (Note 14)	1,632	-	1,632
At 31 December 2018	21,913	-	21,913
Net book amounts			
At 31 December 2018	4,841	382	5,223
Cost			
At 1 January 2017	22,686	1,287	23,973
Additions	-	922	922
Transfer from capital work in progress	2,209	(2,209)	-
At 31 December 2017	24,895	-	24,895
Accumulated amortisation			
At 1 January 2017	18,968	-	18,968
Charge for the year (Note 14)	1,313	-	1,313
At 31 December 2017	20,281	-	20,281
Net book amounts			
At 31 December 2017	4,614	-	4,614

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2018 – Continued)

7 Other receivables		
	2018	2017
	AED'000	AED'000
Prepayments	18,647	21,082
Staff advances	115	60
Other financial receivables	1,247	2,667
Total	20,009	23,809

8 Cash and cash equivalents		
	2018	2017
	AED'000	AED'000
Fixed deposits accounts	100,000	85,430
Current accounts	82,578	75,935
Cash on hand	27	30
Cash and cash equivalents	182,605	161,395

All bank balances are held with A3 Moody's rated bank licensed in the UAE. The interest rates on fixed deposit accounts were in the range of 2.00% to 3.91% p.a. for the year ended 31 December 2018 (2017: 1.20% to 2.75%).

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2018 – Continued)

9 Employees' end of service benefits

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

	2018	2017
	AED'000	AED'000
Current service cost	3,619	4,029
Defined benefit plan net assets	3,619	4,029
Present value of defined benefit obligations	(28,027)	(29,238)
Fair value of plan assets	28,656	30,075
Net defined benefit asset	629	837

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

	2018	2017
	AED'000	AED'000
Obligation at beginning of the year	(29,238)	(29,287)
Current service cost	(3,619)	(4,029)
Interest cost	(885)	(972)
Actuarial loss/(gains) on obligation	(937)	1,705
Benefits paid from plan	6,652	3,345
Obligation at end of the year	(28,027)	(29,238)
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	30,075	28,278
Employer contribution	4,940	4,360
Expected return on plan assets	241	223
Actuarial gains	52	22
Benefits paid from plan	(6,652)	(3,345)
Other adjustments	-	537
Fair value of plan assets at end of the year	28,656	30,075

Plan assets comprise of cash at bank for 100% (2017: 100%).

The significant actuarial assumptions in calculating the definied benefit obligation are estimates of the long term salary growth rate of 1.75% for 2019 and 3% thereafter (2018:1.5% for 2017 and 2% thereafter), the discount rate representing the time value of money of 3.75% (2017:3.25%) and the rate of withdrawal of employees from the scheme of 10% (2017:6%).

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	1.75% for 2019 and 3% thereafter	+1% / -1%	1890 / (1713)
Discount rate	3.75%	+0.75 / -1.25%	(1600) / 1798
Withdrawal rate	10%	+5% / -5%	68 / (190)

10 Creditors, accruals and other liabilities

	2018	2017
	AED'000	AED'000
Employee related accruals	14,700	14,690
Trade creditors	5,417	6,149
Other accruals	4,454	1,893
Total	24,571	22,732

11 Related party transactions and balances

Related parties comprise the Government of Dubai, key management, and entities that operate together to achieve the policies of the government in Dubai. The DFSA is responsible for the regulation of financial and related activities at the DIFC and operates to achieve the goals and the policies set by the Government. Balances with related parties arise generally from commercial transactions in the normal course of business on an arm's length basis.

Balances with related parties at the statement of financial position date are comprised of Reserve of the DFSA in the amount of AED 100,000,000 (31 December 2017: AED 119,954,000) and Amounts due to Government in the amount of AED 34,328,000 (31 December 2017: Nil). Related party transactions are as follows:

Related party transactions:	2018	2017
	AED'000	AED'000
Appropriations from Government	117,420	117,420
Revenue recognised during the year	117,420	117,420
Salaries and performance bonus	16,244	17,319
Other emoluments and benefits	5,841	4,829
Total	22,085	22,148

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

Dubai Financial Services Authority Notes to the Financial Statements

(for the year ended 31st December 2018 – Continued)

12 Appropriation of fine income to reserves		
	2018	2017
	AED'000	AED'000
Fines levied (Note 13)	873	128
Amount appropriated to Litigation Reserve (Note 2.11)	-	128

13 Other income		
	2018	2017
	AED'000	AED'000
Interest on fixed deposits	2,634	2,200
Fines levied	873	128
Total	3,507	2,328

The fines resulted from contraventions of the DFSA's rules. These fines were imposed following the conclusion of investigations conducted by DFSA staff.

14 General and administration costs		
	2018	2017
	AED'000	AED'000
Staff costs (Note 15)	125,542	124,611
Office rent	7,335	7,099
Regulatory travel, conferences, seminars and training	4,321	2,989
Legal, consultancy and professional fees	5,641	1,591
Communication and IT systems and equipment maintenance	3,315	3,308
Recruitment costs	2,944	649
Software licensing and maintenance	4,572	4,132
Amortisation (Note 6)	1,632	1,313
Depreciation (Note 5)	1,380	1,259
Marketing expenses	604	626
Vehicle lease and maintenance	155	159
Loss on sale of fixed assets	3	-
Other expenses	2,958	2,388
Total	160,402	150,124

Dubai Financial Services Authority
Notes to the Financial Statements
(for the year ended 31st December 2018 – Continued)

15 Staff costs		
	2018	2017
	AED'000	AED'000
Salaries	68,085	67,442
Other benefits	52,517	52,928
Employees' end of service benefits	4,940	4,241
Total	125,542	124,611

16 Board of directors' costs		
	2018	2017
	AED'000	AED'000
Retainer fees	5,641	5,070
Attendance fees	2,639	2,253
Travel	2,458	2,220
Other	3,221	2,381
Total	13,959	11,924

17 Operating lease commitments		
The aggregate lease commitments under non-cancellable operating leases are as follows:		
	2018	2017
	AED'000	AED'000
Expiring		
Within one year	7,587	7,336
Later than 1 year and no later than 5 years	7,850	15,437
Total	15,437	22,773

Dubai Financial Services Authority

Statement of financial position (presented in USD) (unaudited)

18 Comparatives

Certain comparative figures have been re-arranged, where found necessary so as to conform to the current year presentation adopted in these financial statements.

		2018	2017
	Note	USD'000	USD'000
Assets			
Non-current assets			
Property and equipment	5	1,043	1,287
Intangible assets	6	1,423	1,257
		2,466	2,544
Current assets			
Other receivables	7	5,452	6,487
Cash and equivalents	8	49,756	43,977
Defined benefit plan net assets	9	171	228
		55,379	50,692
Total assets		57,845	53,236
Equity and liabilities			
Equity			
Contributed capital and reserves			
Contributed capital		1,568	1,568
Reserve of the DFSA	2.11	27,248	32,685
Employees' end of service benefit scheme cumulative actuarial gain/(loss)	9	(206)	49
Total equity		28,610	34,302
Liabilities			
Current liabilities			
Fee income received in advance	2.10	13,185	12,740
Amounts due to Government	11	9,355	-
Creditors, accruals and other liabilities	10	6,695	6,194
		29,235	18,934
Total liabilities		29,235	18,934
Total equity and liabilities		57,845	53,236

Dubai Financial Services Authority

Statement of financial performance (presented in USD) (unaudited)

		2018	2017
	Note	USD'000	USD'000
Appropriations from Government	2.11, 4	31,995	31,995
Fee income	2.10	18,786	16,027
Other income	13	956	634
Total income		51,737	48,656
General and administration costs	14	(43,706)	(40,906)
Board of Directors' costs	16	(3,804)	(3,249)
Financial Markets Tribunal costs		(309)	(69)
Total expenses		(47,819)	(44,224)
Excess of income over expenditure for the year		3,918	4,432

Dubai Financial Services Authority

Statement of changes in equity (presented in USD) (unaudited)

	Contributed capital	Reserve of the DFSA	Employees' end of service benefit scheme cumulative actuarial gain/(loss)	Accumulated surplus	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January 2017	1,568	25,253	(421)	-	29,400
Excess of income over expenditure for the year	-	-	-	4,432	4,432
Transfer to Reserve of the DFSA (Note 2.11)	-	4,432	-	(4,432)	0
Remeasurement of employees' end of service benefit obligation (Note 9)	-	-	471	-	471
At 31 December 2017	1,568	32,685	49	-	34,302
Excess of income over expenditure for the year			-	3,918	3,918
Transfer to Government	-	-	-	(3,918)	(3,918)
Transfer to Reserve of the DFSA (Note 2.11)	-	(5,437)	-	-	(5,437)
Remeasurement of employee's end of service benefit obligation (Note 9)	-	-	(255)	-	(255)
At 31 December 2018	1,568	27,248	(206)	-	28,610

Dubai Financial Services Authority

Statement of cash flows (presented in USD) (unaudited)

	Note	2018 USD'000	2017 USD'000
Operating activities			
Excess of income over expenditure for the year		3,918	4,432
Adjustments for the following items:			
Depreciation	5	376	343
Amortisation	6	445	358
Loss on disposal/write off of property and equipment		1	-
Provision for end of service benefits	15	1,346	1,156
Interest received	13	(718)	(599)
Other non-cash operating costs		(198)	32
Operating cash flows before payment of employees' end of service benefits, payment of amount payable to Government and movements in working capital		5,170	5,722
Changes in working capital:			
Contributions made to the end of service benefits	9	(1,346)	(1,188)
Prepayments and receivables, net of interest receivable		1,035	(949)
Fee income received in advance		445	1,815
Creditors, accruals and other liabilities		501	889
Net cash generated from operating activities		5,805	6,289
Investing activities			
Purchase of property and equipment	5	(133)	(395)
Purchase of intangible assets	6	(611)	(251)
Interest received	13	718	579
Net cash used in investing activities		(26)	(67)
Net increase in cash and cash equivalents		5,779	6,191
Cash and cash equivalents, beginning of the year	8	43,977	37,786
Cash and cash equivalents, end of the year	8	49,756	43,977

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 2018 and 31 December 2017 by the Board and Senior Officers of the DFSA.

Remuneration of the Chairman and non-executive board members:

Remuneration bands	2018 Board members	2017 Board members
$50,001 to $100,000	0	2
$100,001 to $200,000	4	4
$200,001 to $250,000	5	3
>$250,001	1	1
	2018 (USD)	2017 (USD)
The aggregate amount of remuneration of non-Executive members of the Board shown above.	2,510,637	2,258,929

Notes:

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

(2) Remuneration of non-Executive Board members is comprised primarily of an annual retainer plus meeting attendance fees (for meetings of the full Board and its committees). Travel allowances are also paid. Board retainer fees during 2018 were USD 1,356,750 (Chairman's retainer fee was USD 466,796 per annum). Board meeting attendance fees were USD 7,192 per meeting (Chairman's meeting attendance fee was USD 15,913 per meeting).

(3) Committee membership fees during 2018 were USD 599 per member (committee Chairman fee was USD 1,199). Committee attendance fees were USD 2,877 per meeting.

(4) The Chairman of the DFSA does not receive fees for membership of committees or for attendance at committee meetings. The Chief Executive of the DFSA does not receive fees for membership of the Board or its committees or for attendance at Board meetings or committee meetings.

(5) 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	2018 Executives	2017 Executives
USD'000	USD'000	USD'000
Up to $300,000	-	-
$300,001 to $500,000	3	3
$500,001 to $900,000	5	5
>$900,000	1	1
	9	9
	2018 (USD)	2017 (USD)
The aggregate amount of remuneration of Executives shown above:	5,702,606	6,017,763

Executive remuneration included in the above comprised:

	2018 (USD)	2017 (USD)
Salaries and performance bonuses	3,876,260	4,426,130
Other emoluments and benefits	1,826,346	1,591,633

Notes;

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

(2) Other emoluments and benefits include housing allowance, flight allowance, education allowance, premium paid for medical and life and end of service accrual/pension contribution for the year 2018.

AUTHORISED FIRMS LICENSED IN 2018

FIRM NAME
A
A.P. Moller Capital P/S DIFC Branch
ARP Global Capital Limited
Aditum Investment Management Limited
Ahli United Bank B.S.C. (DIFC Branch)
Al Ahli Bank of Kuwait K.S.C.P
Al Hilal Investment Management (DIFC) Limited
Aon Retirement Solutions Limited
Arab Islamic Bank
Archr Brokers (DIFC) Limited
Arrow Capital (DIFC) Limited
Avalon Capital Partners (DIFC) Limited
AxiCorp Financial Services Pty Ltd
B
BMCE Bank International Plc
Bank of London and The Middle East plc
BanyanTree Asset Management Limited
Berkshire Hathaway Specialty Insurance Company
Big Tree Asset Management Limited
C
CIMB-Principal Islamic Asset Management Sdn Bhd
Capital Dynamics Limited
Clear Treasury (UK Trading) Ltd
Creek Capital Limited
D
Dubai Cultiv8 Investments Limited
E
Ebury Partners UK Limited
Enam Asset Management (Middle East) Pvt. Ltd.
Entrust Capital Limited
F
FIL Distributors International Limited
Fiducia Capital Limited
Fox-Davies Capital (DIFC) Limited
G
Global Gate Capital Partners (DIFC) Limited
Gulf Ocean Insurance & Reinsurance Brokers (DIFC) Limited
H
HF Markets (DIFC) Limited
HPC S.A.
Halkin Investments Middle East Limited
I
Integra Asset Management Limited
Introspect Capital (DIFC) Limited
L
L&T Capital Markets (Middle East) Limited
Lakson Investments DIFC Limited
Liquidity Finance (DIFC) Limited
M
MEVP Capital Limited
Mizuho International plc
N
Namara Wealth Advisors Limited
Neo Capital (DIFC) Limited
Newton Underwriting Management Limited
O
Ocorian Corporate Services (DIFC) Limited
P
Partners Group Advisors (DIFC) Limited
Patronus Wealth Privé (DIFC) Limited
PhillipCapital (DIFC) Private Limited
PhillipCapital (India) Private Limited
Phoenix Fund Investments (DIFC) Limited
PriceEarnings Capital Limited
Q
QG Investments Africa Management Ltd
R
R.J. O'Brien (MENA) Capital Limited
RCB Bank Limited
Russell Investments Limited (DIFC Branch)

Authorised Firms Licensed In 2018

Firm name
S
Sancta Capital Advisors Limited
Saxo Bank A/S
Sigma Capital Partners MENA Limited
Smart Crowd Limited
Smart Investment Management Limited
State Street Global Advisors Limited
Strategic Investment Capital Limited
Sword Capital (DIFC) Limited
Synergy Management (DIFC) Limited
T
TTT Moneycorp Ltd
Three Comma Capital Advisors Limited
Trident Fund Services (DIFC) Limited
U
UFP Capital Markets (DIFC) Limited
Ulysses Capital Limited
W
Wilfred T. Fry (Personal Financial Planning) Limited

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

DNFBPs Registered in 2018

Firm name
Ahmed & Rashid AlRasheed Advocates & Legal Consultants
Anou SFO Limited
BonelliErede Middle East LLP
CC Worldwide Limited
Emicapital Advisory LLP
JTC Corporate Services (DIFC) Limited
King & Wood Mallesons (MENA) LLP (DIFC Branch)
Redwood SFO Limited
The Advantage SFO LLC
Twinwood Family Holdings

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

Memoranda Of Understanding Signed In 2018

Bi-lateral
Bank Negara Malaysia
Bank of Russia
Astana Financial Services Authority
Central Bank of Oman
Central Bank of Bahrain

FinTech Agreements Established In 2018

Bi-lateral
Financial Services Agency of Japan
Monetary Authority of Singapore

Refer to the DFSA website for the full list of MoUs.

New Listings in 2018

Issuer	Security	Listing venue	Amount raised
Alpha Star Holding V Limited	Debentures	Nasdaq Dubai	USD400,000,000
Dar Al-Arkan Sukuk Company Ltd	Debentures	Nasdaq Dubai	USD500,000,000
Depa Limited	Equity	Nasdaq Dubai	USD1,180,000
DIB Sukuk Limited	Debentures	Nasdaq Dubai	USD1,000,000,000
DP World Crescent Limited	Debentures	Nasdaq Dubai	USD789,000,000
DP World Crescent Limited	Debentures	Nasdaq Dubai	USD211,000,000
DP World Limited	Debentures	Nasdaq Dubai	USD584,000,000
DP World Limited	Debentures	Nasdaq Dubai	GBP42,000,000
DP World Limited	Debentures	Nasdaq Dubai	EUR89,000,000
DP World Limited	Debentures	Nasdaq Dubai	EUR660,000,000
DP World Limited	Debentures	Nasdaq Dubai	GBP307,000,000
DP World Limited	Debentures	Nasdaq Dubai	USD416,000,000
IDB Trust Services Limited	Debentures	Nasdaq Dubai	EUR650,000,000
IDB Trust Services Limited	Debentures	Nasdaq Dubai	USD1,300,000,000
IDB Trust Services Limited	Debentures	Nasdaq Dubai	USD1,250,000,000
Industrial & Commerical Bank of China	Debentures	Nasdaq Dubai	USD700,000,000
Industrial & Commerical Bank of China	Debentures	Nasdaq Dubai	USD700,000,000
Noor Sukuk Company Ltd	Debentures	Nasdaq Dubai	USD500,000,000
Perusahaan Penerbit SBSN Indonesia III	Debentures	Nasdaq Dubai	USD272,275,000
Perusahaan Penerbit SBSN Indonesia III	Debentures	Nasdaq Dubai	USD1,477,725,000
Perusahaan Penerbit SBSN Indonesia III	Debentures	Nasdaq Dubai	USD136,230,000
Perusahaan Penerbit SBSN Indonesia III	Debentures	Nasdaq Dubai	USD1,113,770,000
Sharjah Sukuk Programme Limited	Debentures	Nasdaq Dubai	USD1,000,000,000
Sharjah Sukuk Programme Limited	Debentures	Nasdaq Dubai	USD200,000,000
SIB Sukuk Company III Limited	Debentures	Nasdaq Dubai	USD500,000,000
Zahidi Limited (Emirates Airline)	Debentures	Nasdaq Dubai	USD600,000,000

Refer to the DFSA website for all Listings.

DFSA ADMINISTERED LAW AND RULE AMENDMENTS IN 2018

DFSA LAWS AND RULES

The Board of Directors made amendments to the DFSA Rulebook as follows:

- Notice of Amendments dated 27 February 2018 and rulemaking instruments 211 – 217, which made miscellaneous amendments to the DFSA Rulebook;
- Notice of Amendments dated 19 July 2018 and rulemaking instruments 225 – 230, which made miscellaneous amendments to the DFSA Rulebook;
- Notice of Amendments dated 1 October 2018 and rulemaking instruments 223 – 224 and 231 – 232, which amended the DFSA's Anti-Money Laundering, Counter-Terrorist Financing and Sanctions regime to ensure compliance with the 2012 Financial Action Task Force Recommendations and the UAE Federal AML Legislation; and
- Notice of Amendments dated 10 December 2018 and rulemaking instruments 218 – 222, which amended the DFSA's Funds regime.

The Board of Directors also recommended for enactment by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Ruler of Dubai, the following:

- Regulatory Law Amendment Law, DIFC Law No. 6 of 2018, which came into force on 29 October 2018 and incorporates amendments made to DFSA's Anti-Money Laundering, Counter-Terrorist Financing and Sanctions regime; and
- Collective Investment Amendment Law, DIFC Law No. 9 of 2018, which came into force on 18 December 2018 and incorporates amendments made to the DFSA's Funds regime.

MODULES OF THE DFSA SOURCEBOOK:

The Chief Executive made amendments to the DFSA Sourcebook as follows:

- The AFN module was updated on three separate occasions in 2018.

GLOSSARY

GLOSSARY	
A	
ADGM	Abu Dhabi Global Market
AF	Authorised Firm
AFM	Netherlands Authority for the Financial Markets
AFSA	Astana Financial Services Authority
AMERC	Africa and Middle East Regional Committee
AMI	Authorised Market Institution
AML	Anti-Money Laundering
AMLSCU	Anti-Money Laundering Suspicious Cases Unit (now referred to as the Financial Intelligence Unit of the UAE Central Bank)
AOT	Amsterdam Option Traders
ASIC	Australian Securities and Investments Commission
B	
BCBS	Basel Committee on Banking Supervision
BCG	Basel Consultative Group
C	
CBUAE	Central Bank of the United Arab Emirates
CCP	Central Counterparty Clearing
CEO	Chief Executive Officer
CIR	Collective Investment Rules
COO	Chief Operating Officer
ComFrame	Common Framework for the Supervision of Internationally Active Insurance Groups
CP	Consultation Paper
CRA	Credit Rating Agency
CTF	Counter-Terrorist Financing
D	
DFSA	Dubai Financial Services Authority
DIFC	Dubai International Financial Centre
DIFCA	Dubai International Financial Centre Authority
DMC	Decision-Making Committee
DME	Dubai Mercantile Exchange
DNFBP	Designated Non-Financial Business or Profession
E	
ESMA	European Securities and Markets Authority
EU	European Union

F	
FATF	Financial Action Task Force
FCA	Financial Conduct Authority
FinTech	Financial Technology
FMT	Financial Markets Tribunal
FSAP	Financial Sector Assessment Programme
FSB	Financial Stability Board
FSRA	Financial Services Regulatory Authority
G	
GCC	Gulf Cooperation Council
GFIN	Global Financial Innovation Network
H	
HKSFC	Hong Kong Securities and Futures Commission
HR	Human Resources
I	
IA	Insurance Authority of the UAE
IAIG	Internationally Active Insurance Group
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IC	Investment Company
ICPs	Insurance Core Principles
IFIAR	International Forum of Independent Audit Regulators
IFSB	Islamic Financial Services Board
IPSAS	International Public Sector Accounting Standards
IOSCO	International Organisation of Securities Commissions
ITL	Innovation Testing Licence
K	
KSA	Kingdom of Saudi Arabia
L	
LegCo	Legislative Committee
M	
MAS	Monetary Authority of Singapore
MENA	Middle East and North Africa
MESA	Middle East Studies Association
MMF	Money Market Fund
MoU	Memorandum of Understanding
MMoU	Multi-lateral Memorandum of Understanding

N	
NAMLCFTC	National Anti-Money Laundering and Combatting Terrorist Financing Committee
O	
OECD	Organisation for Economic Cooperation and Development
OpTech	Operational and Technology Risk
OTC	Over-The-Counter
P	
PCC	Protected Cell Company
PRA	Prudential Regulation Authority
Q	
QIF	Qualified Investor Fund
R	
RA	Registered Auditor
RiskCo	Pisk Committee
RoC	Registrar of Companies
S	
SAR	Suspicious Activity Report
SCA	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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