

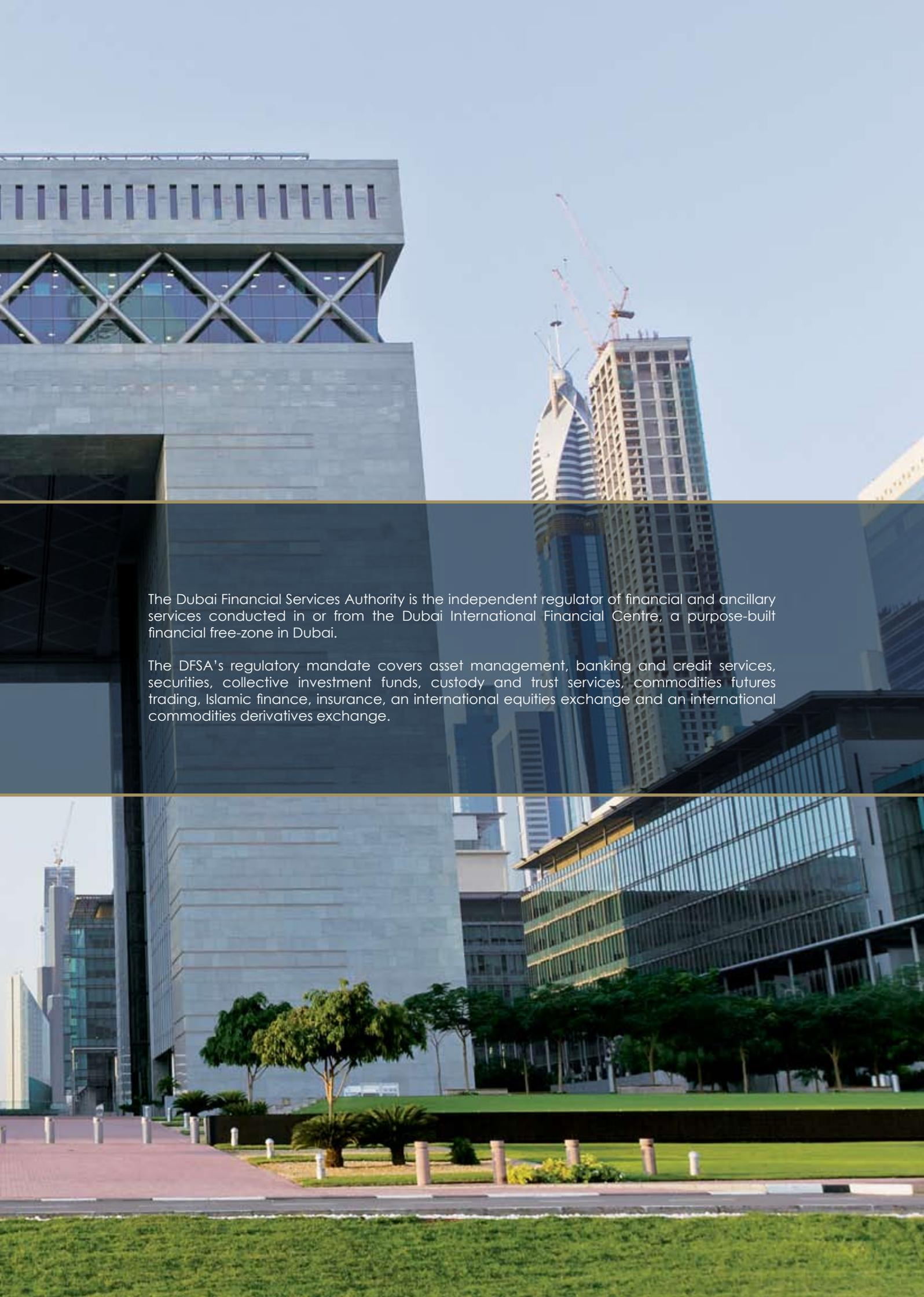


ANNUAL REPORT 2010



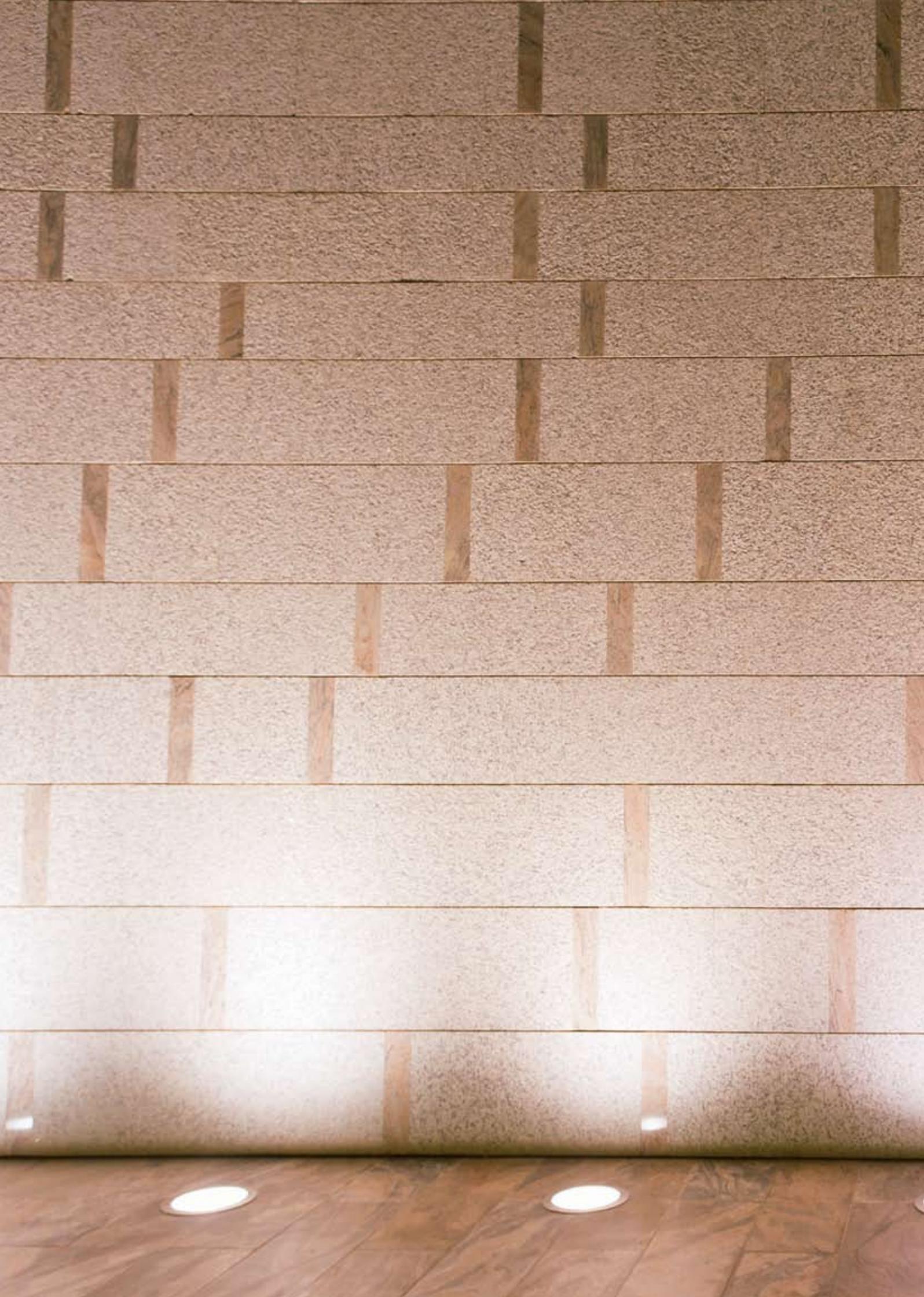
Article 11 of the Dubai International Financial Centre (DIFC) Regulatory Law, DIFC Law No 1 of 2004, requires the Dubai Financial Services Authority (DFSA) to provide the President of the DIFC with a written report on the exercise of its powers, performance of its functions and financial activities. The report is to be prepared as soon as reasonably practical in each financial year and to relate to the previous financial year. This is the DFSA's sixth annual report. It relates to the financial year ended 31 December 2010.

Log onto [www.dfsa.ae](http://www.dfsa.ae) for more information about the DFSA.



The Dubai Financial Services Authority is the independent regulator of financial and ancillary services conducted in or from the Dubai International Financial Centre, a purpose-built financial free-zone in Dubai.

The DFSA's regulatory mandate covers 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.



# DUBAI FINANCIAL SERVICES AUTHORITY

## VISION

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



## MISSION

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



## REGULATORY APPROACH

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



## VALUES

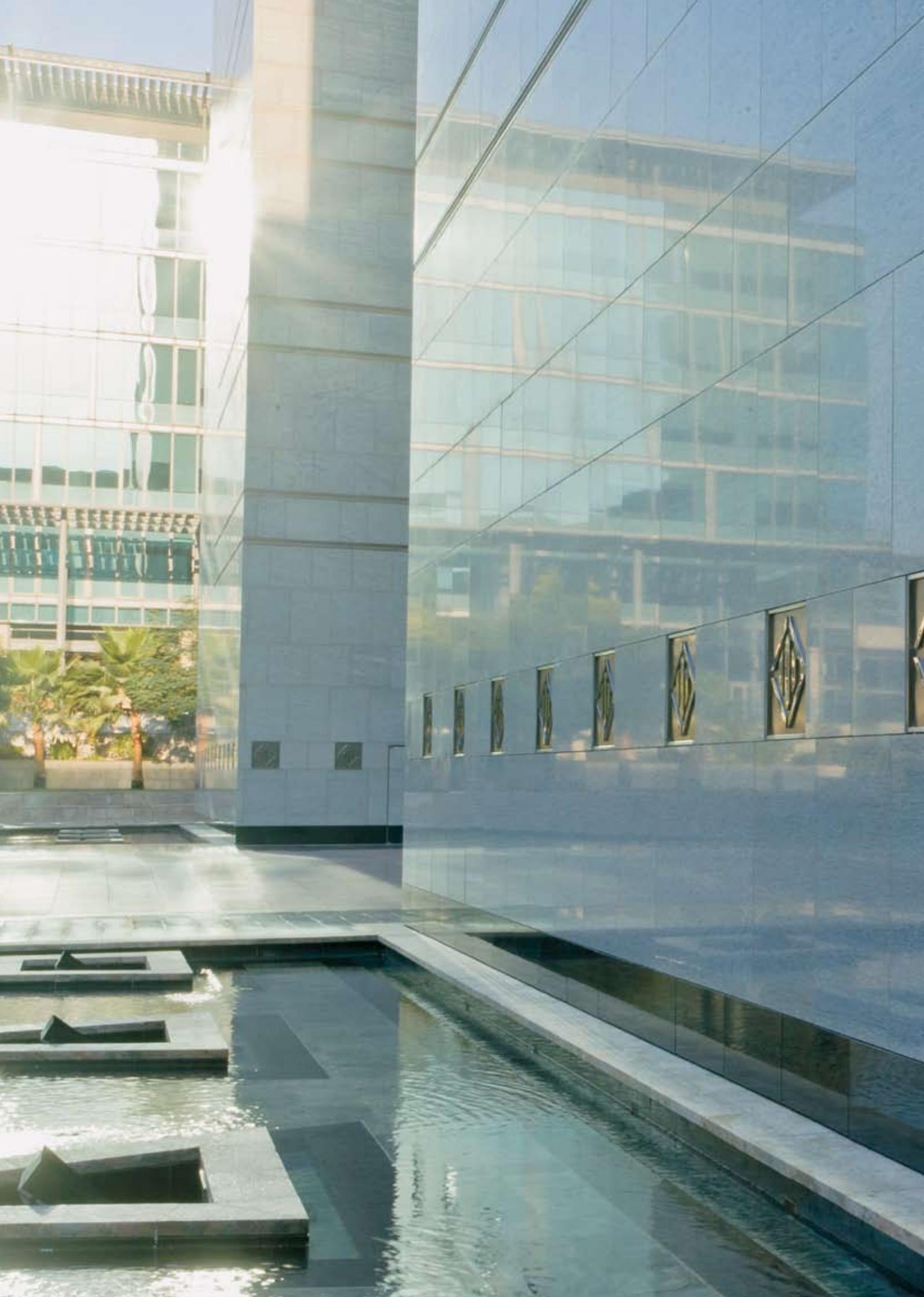
To expect high standards of ethical conduct and integrity from the DFSA and its people.



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.



## CONTENTS

2010 Key Milestones	1
Statement <i>by the</i> Chairman	3
Statement <i>by the</i> Chief Executive	7

## WHO WE ARE 13

DFSA Governance Model	14
DFSA Objectives and Principles	15
DFSA Board	17
DFSA Board Committees	28
DFSA Executive	36

## WHAT WE DO 43

DFSA Organisational Structure	44
Key DFSA-Wide Initiatives	47
Divisional Initiatives	50
2010 Key Performance Statistics	68
Looking Forward	70

## APPENDICES 73

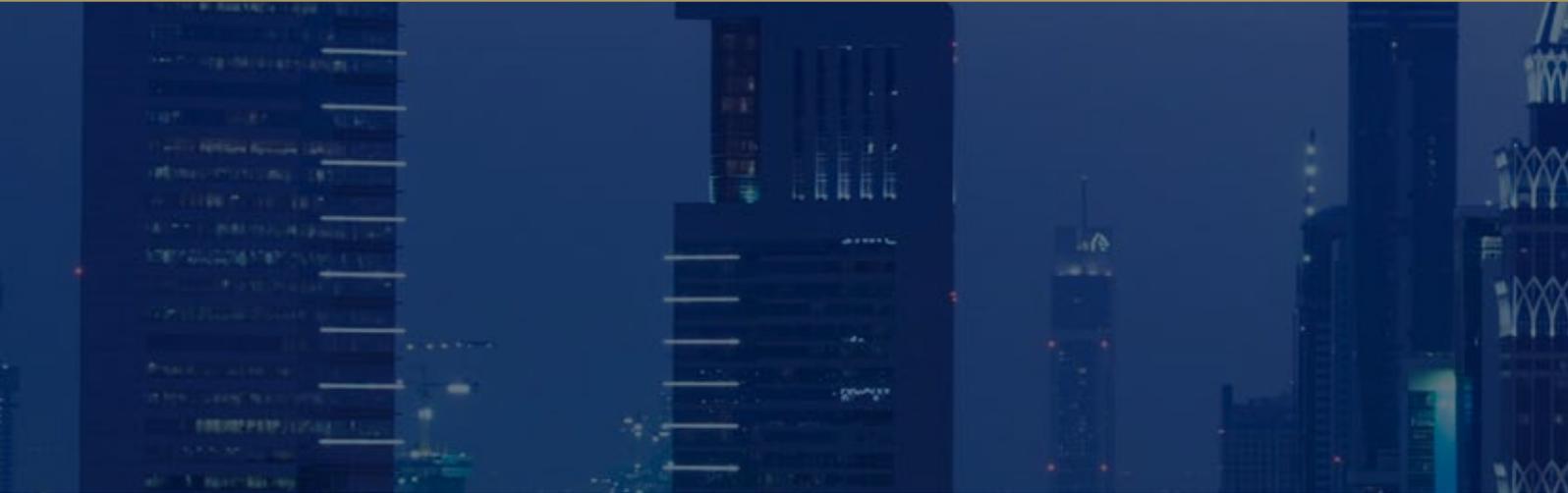


2010 KEY MILESTONES



## 2010 KEY MILESTONES

- The DFSA introduced its new funds regime, which allowed more flexibility for fund managers in the DIFC to manage funds outside, reduced costs, and made a number of other regulatory simplifications.
- The DFSA's Representative Office regime came into force, and 7 Representative Offices have already been authorised.
- The DFSA Board conducted an exercise to define its appetite for regulatory risks, including the development of a regulatory risk map.
- The DFSA successfully hosted the 17th Annual Conference of the International Association of Insurance Supervisors (IAIS), in Dubai, in October 2010.
- The DFSA hosted a seminar titled 'Developments in the Audit Profession: Towards World's Best Practice in the Gulf Co-operation Council (GCC)' in December 2010.
- The DFSA issued a final no-objection to the outsourcing of trading, clearing and settlement functions from NASDAQ Dubai to Dubai Financial Market (DFM).
- The DFSA became a signatory to two strategically important multi-lateral Memoranda of Understanding (MMoUs) - IAIS and Asian-Oceanian Standard-Setters Group (AOSSG).
- The DFSA took action in relation to Damas International Limited, its Board and its majority shareholders for breaches of corporate governance obligations and directors' duties. The DFSA's action was the first of its kind in the DIFC and sent a strong message about the necessity for high standards of corporate governance in the DIFC, the United Arab Emirates (UAE) and the region generally.
- The DFSA congratulated four UAE Nationals on completing the Tomorrow's Regulatory Leaders (TRL) Programme and on their appointment as Managers and began its 5th year of the programme with a further five recruits.
- The DFSA completed its first Employee Engagement survey with very encouraging results comparing favourably to a 'global best' benchmark.
- The DFSA launched a version of its website in Arabic in October 2010.



A nighttime photograph of a city skyline, likely Dubai, featuring several illuminated skyscrapers and a multi-lane highway with light trails from traffic. The sky is a deep blue, and the city lights create a vibrant contrast against the dark background. The text 'STATEMENT by the CHAIRMAN' is overlaid in the center of the image.

STATEMENT *by the* CHAIRMAN

## STATEMENT *by the* CHAIRMAN



In my statement in last year's 2009 Annual Report, I mentioned that resilience was the word that sprung to mind when looking at the financial difficulties of 2009, and that I felt positive that Dubai, and the region as a whole, would benefit from lessons learnt.

The global economy has shown signs of improvement in the aftermath of the downturn. Economies in the region served by the DIFC tend to be enjoying a faster pace of growth than their advanced economy counterparts. For the GCC region in particular, economies are being supported by rising hydrocarbon revenues, which is encouraging a recovery in budget and trade balances. A further acceleration in regional growth is anticipated for 2011.

Therefore, I feel that the word recovery best describes developments seen in 2010. Dubai remains resilient and, I believe, on course to recovery and fostering a stronger and more sustainable future. This, I know, will reap investor confidence and support long-term stability.

I am encouraged by regional economic conditions and am pleased to say that the DFSA has had a successful 2010, as discussed in more detail in this Report. We concluded our sixth year of operations in September.

Internationally active Authorised Firms continue to expand their business in the DIFC and many new Firms are choosing the DIFC as their headquarters or operational hub for the region. We are optimistic that the critical mass achieved and favourable reputation of the DIFC, both based on a business-friendly environment and a well-regarded regulatory regime, common law legal system and world-class facilities, will encourage continued growth.

There has been much to learn from the recent challenges and, as a result, the DFSA has undertaken to re-examine its regulatory processes, strategies and priorities. Aligned with this, it is also relevant for the DFSA Board to review and check its own internal performance, and is undergoing a Board Performance Review for 2010, conducted by Egon Zehnder. It is important for us to know what we do well and moreover, where we may need to improve as we move into 2011.

STATEMENT *by the* CHAIRMAN (CONTINUED)

The Board has recognised the need to contain expenditure in these difficult times, and to that end has taken initiatives to cut expenses, such as those relating to travel and accommodation, and froze its Board remuneration for the previous two years (2009 and 2010).

Change is constant. The DFSA will continue to drive change in the way Firms view and realise their corporate governance requirements within the region. In addition, we will also continue to work closely with our regulatory counterparts to improve transparency standards.

I am proud to be the Chairman of an Authority that has a vision for the future, as can be seen in our TRL Programme. This programme epitomises our efforts in transferring our knowledge to the next generation of regulatory leadership in the DIFC.

I am a realist and I do not doubt that the business environment will remain challenging. I thank all of my fellow DFSA Board Members and the DFSA staff for the considerable effort they have dedicated to maintaining a solid and credible regulatory mandate in 2010.

I look forward to continuing to serve Dubai and the DFSA to the best of my ability, as well as supporting the Governor, His Excellency Ahmed Humaid Al Tayer, through 2011.



**Abdullah M Saleh**

Chairman





STATEMENT *by the* CHIEF EXECUTIVE

## STATEMENT *by the* CHIEF EXECUTIVE



The experience of the financial crisis has taught us in dramatic terms how readily the financial world can surprise us. The effects of this crisis have led us to re-examine our internal policies and regulatory processes so that we are best placed to respond to changes and remain attuned to international developments.

2010 has been a challenging and busy, yet successful, year in which we have:

- managed to maintain effective regulatory oversight of Firms, markets and other regulated entities;
- continued to serve as a thought leader through active participation in international regulatory reform efforts; and
- enhanced our Rules, Regulations and approaches to support the ability of Firms to take advantage of sound business opportunities.

The overall performance of DFSA-regulated entities remains sound. Our risk-based approach and scheduled programme of regular on-site inspections, supplemented by close ongoing Firm contact, allow us to stay attuned to changing levels of Firm risk. Our approach also allows prompt action to prevent problems arising and growing either in Firms' conduct of business or in their financial condition.

In early 2010, the DFSA Board of Directors commissioned an external review of the Supervision Division covering strategies, policies and processes. The review was conducted by Sir Callum McCarthy, former Chairman of the UK Financial Services Authority (FSA), and Mr Anthony W Travers, a former senior partner at PricewaterhouseCoopers (PwC). The review commented very positively on the quality of supervisory staff, processes and approaches to supervision, stating "...our judgment (is) that the processes used within DFSA Supervision stand comparison with best practice in other regulators".

The report contained strategic and operational suggestions, the most significant relating to internal specification of the DFSA's risk tolerance. The DFSA has conducted an annual assessment of internal and external risks over the past four years and in 2010 completed, with the Board, an exercise to formally recognise and record its regulatory risk appetite. In keeping with that risk profile, we conduct our regulatory oversight and activities, and ensure a consistent approach is taken, so as to manage regulatory risks across the DFSA.

STATEMENT *by the* CHIEF EXECUTIVE (CONTINUED)

Over the last year, there has been extensive international debate about the causes of the global financial crisis, and actions to be taken to promote recovery, and avert and mitigate future crises. An ambitious reform agenda is being pursued by international standard-setters to revise regulatory standards and practices. The DFSA has been actively involved in these efforts, primarily through engagement with several international standard-setters. The DFSA is a Member of the Basel Consultative Group (BCG) established by the Basel Committee on Banking Supervision (BCBS) to obtain policy input from key emerging market jurisdictions. The DFSA has provided extensive input on proposals to strengthen capital and liquidity requirements (Basel III) and improve corporate governance for banking organisations. The DFSA is committed to implementing international standards appropriate to our jurisdiction and operating environment.

Many of our Authorised Firms are branches or subsidiaries of corporate entities located in home country jurisdictions, notably the United Kingdom (UK), Switzerland, India and the United States (US). It is, therefore, critical that we have effective information sharing agreements and Memoranda of Understanding (MoUs) governing home-host relationships, so we can co-ordinate our supervisory activities to assess and control risk. In 2010, we signed our fiftieth bi-lateral MoU and met the requirements of two more multi-lateral standard-setters by becoming signatories to the AOSSG and IAIS MMoUs. The IAIS MMoU ensures co-operation and the exchange of information to facilitate effective oversight of internationally active insurance and reinsurance companies. A list of all our MoUs and MMOUs can be viewed on [www.dfsa.ae/Pages/AboutUs/WhatWeDo/InternationalCoOperation/MOU.aspx](http://www.dfsa.ae/Pages/AboutUs/WhatWeDo/InternationalCoOperation/MOU.aspx)

I am particularly pleased to report that we launched an Arabic version of our website in October. We consider communication in the language of this region as an important aspect of establishing dialogue with the broader regional markets. This initiative further addresses our communications goals in this area, and the feedback has been very positive.

I believe the aftershock of the financial crisis from 2008 to 2010 will still be felt in 2011. International regulatory reforms will keep us involved as we continue to support and participate in these matters. I expect to see the DIFC further its recognition as an international financial centre, as well as strengthen its core business in 2011. In addition, I foresee that the well established DIFC entities that started to expand their activities and widen their service offerings in 2010, will gather momentum and traction in 2011. In terms of geographic shifts, I believe that India will be the greatest contributor to establishing a presence in the Centre in 2011.

I cannot draw this statement to a close without mentioning Martin Kinsky, Managing Director (Markets), and Michael Zamorski, Managing Director (Supervision). Both Martin and Michael completed their DFSA tenures in 2010, having each served

STATEMENT *by the* CHIEF EXECUTIVE (CONTINUED)

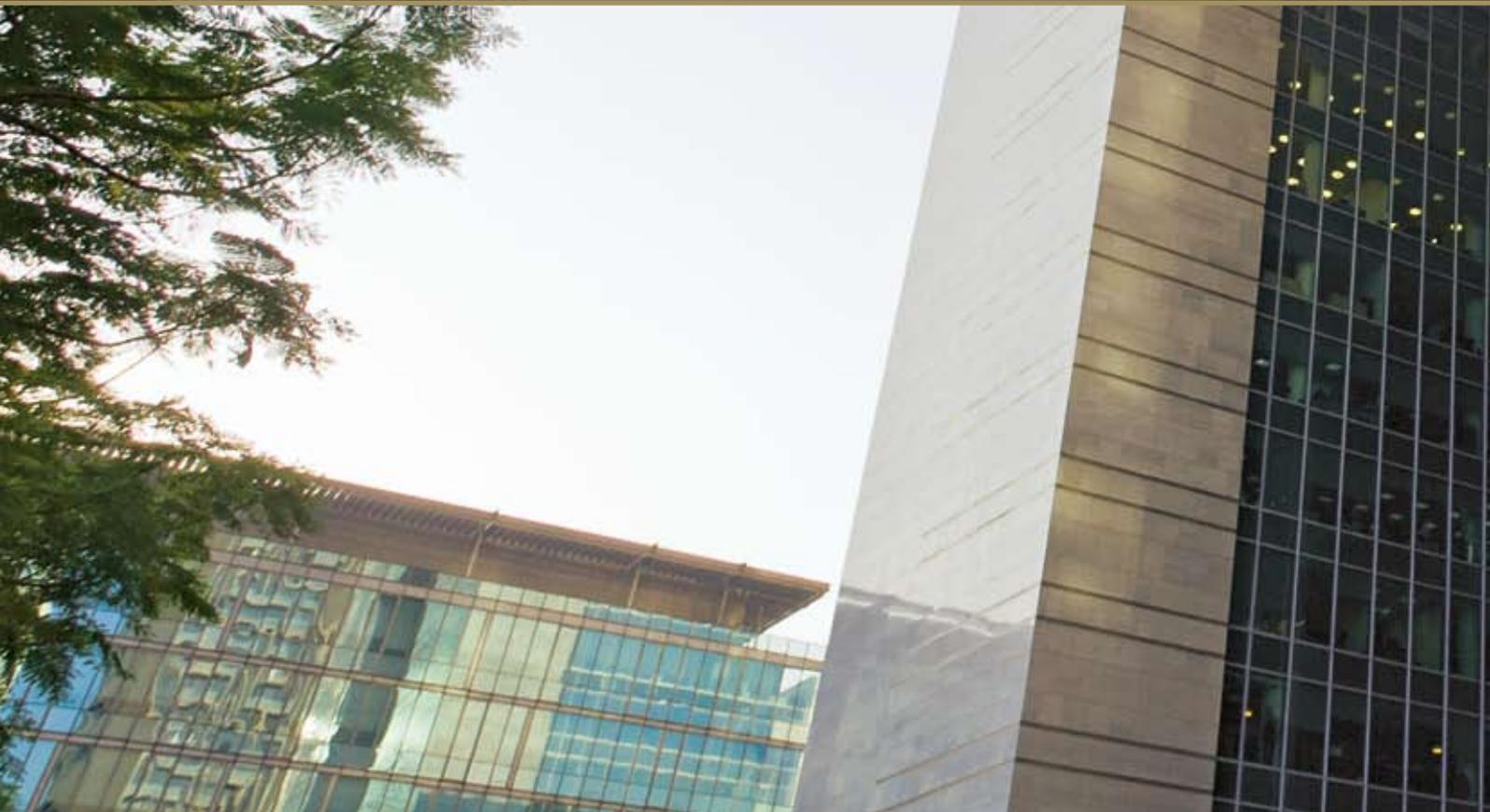
over four years. We all greatly appreciate their dedication and experience which contributed significantly to establishing a solid and credible regulatory regime for the Centre.

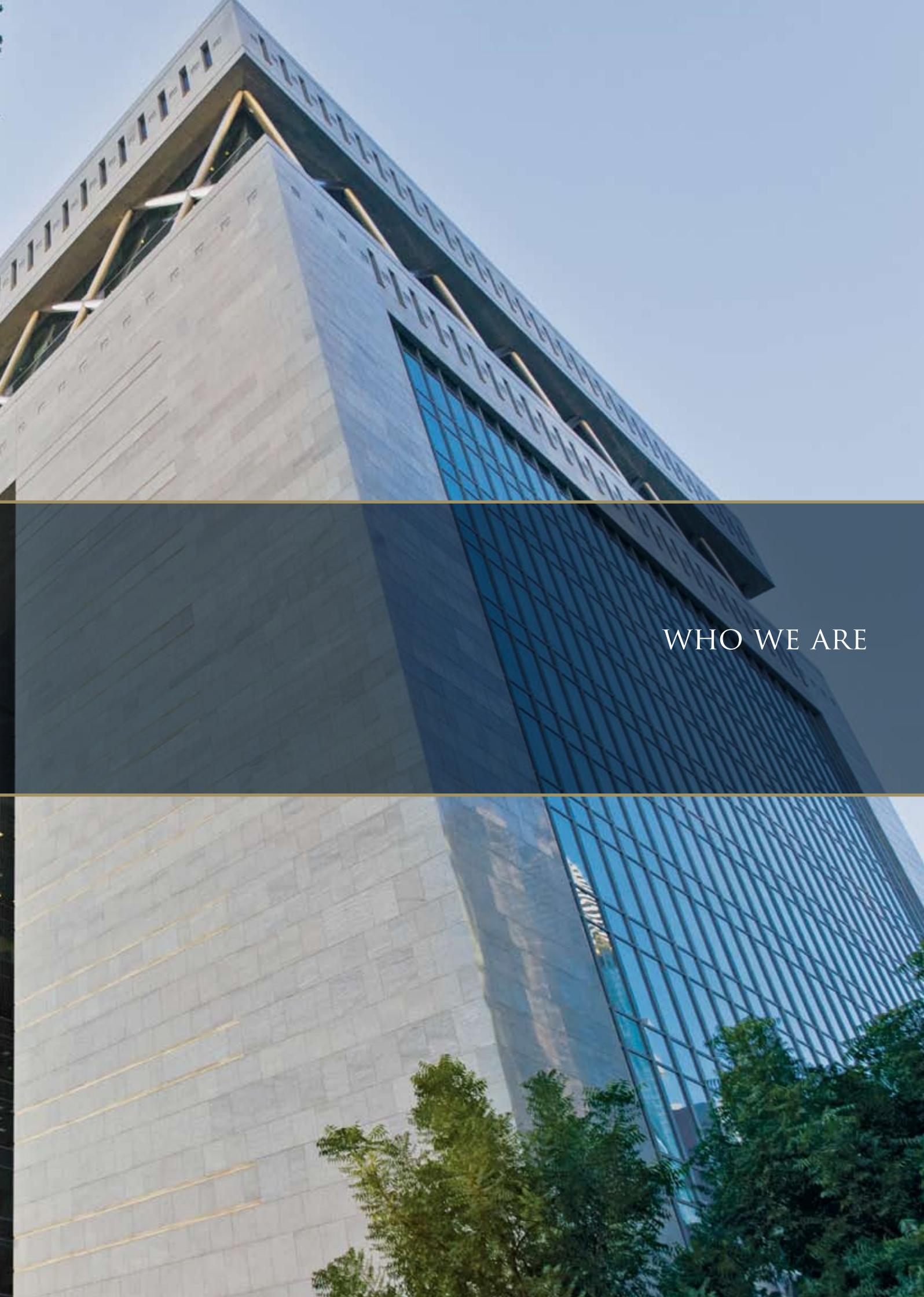
Finally, I wish to express my sincere gratitude to the DFSA Board of Directors and my DFSA colleagues for their guidance and support, all of whom have played a critical role in our success in 2010. I also wish to extend my appreciation to the President of the DIFC, His Highness Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum, the Governor of the DIFC, His Excellency Ahmed Humaid Al Tayer, and our colleagues at the DIFC Authority (DIFCA), all of whom have contributed to supporting our role as an effective and independent regulator.



**Paul M Koster**  
Chief Executive

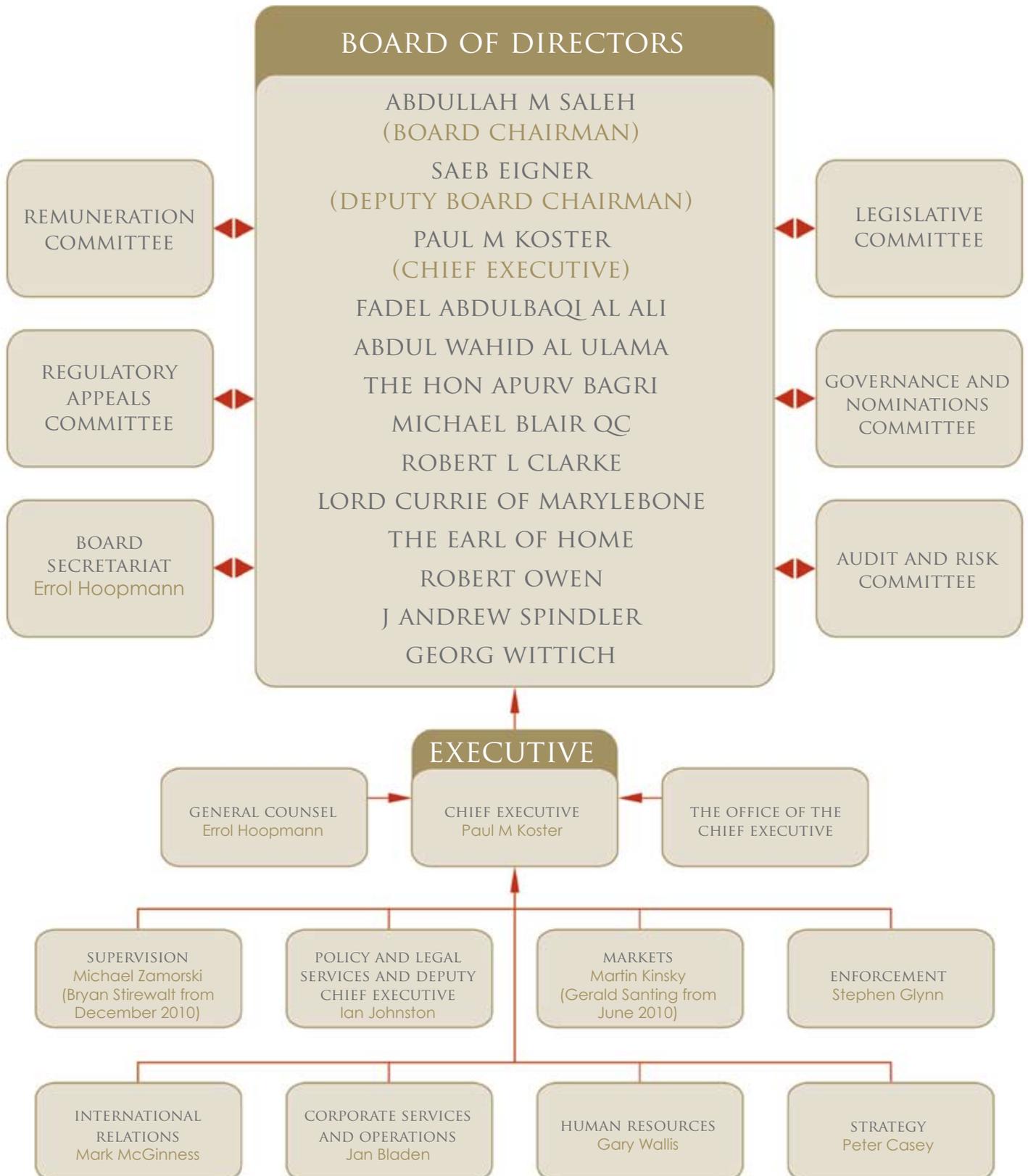






WHO WE ARE

# DFSA GOVERNANCE MODEL



## DFSA OBJECTIVES AND PRINCIPLES

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

- To foster and maintain fairness, transparency and efficiency in the financial services industry (namely, the financial services and related activities carried on) in the DIFC;
- To foster and maintain confidence in the financial services industry in the DIFC;
- To foster and maintain the financial stability of the financial services industry in the DIFC, including the reduction of systemic risk;
- To 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;
- To protect direct and indirect users and prospective users of the financial services industry in the DIFC; and
- To promote public understanding of the regulation of the financial services industry in the DIFC.

In aiming to establish and maintain an environment that fosters 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:

- Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)
- Basel Committee on Banking Supervision (BCBS)
- Bank for International Settlements (BIS)
- Financial Action Task Force (FATF)
- Financial Stability Board (FSB)
- International Association of Insurance Supervisors (IAIS)
- International Accounting Standards Board (IASB)
- International Forum of Independent Audit Regulators (IFIAR)
- Islamic Financial Services Board (IFSB)
- International Organisation of Securities Commissions (IOSCO)
- Organisation for Economic Co-operation and Development (OECD).

The DFSA actively participates in international organisations and contributes to their dialogue in areas such as securities regulation, anti-money laundering (AML), compliance and Islamic finance regulation. This enables us to stay abreast of, and contribute to implementing, international best practices within the region.

## VALUES AND ETHICS

The DFSA Values reflect the core DIFC operating principles of Integrity, Transparency and Efficiency. These are firmly embedded in the DFSA's Rules and procedures and incorporated in the DFSA Code of Values and Ethics for employees.

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

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

The DFSA Board of Directors has adopted a similar Code of Values and Ethics appropriate for Members of the Board, Committees and Tribunals.

## DFSA BOARD

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

The DFSA Board has a number of additional functions:

- It exercises the legislative powers of the DFSA; and
- It appoints members to the Financial Markets Tribunal (FMT) and the Regulatory Appeals Committee (RAC), each of which exercises certain quasi-judicial functions.

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

- Ensure that the DFSA exercises its statutory powers and performs its statutory functions in accordance with its objectives;
- Make policies relating to the regulation of financial services and related activities;
- Make provision for the consideration of adjudication on and the application of penalties in relation to disciplinary and other matters;
- Review the performance of the Chief Executive;
- Give the Chief Executive directions;
- Arrange for the DFSA to enter into co-operation arrangements with other regulators;
- Review draft laws and recommend them to the President of the DIFC;
- Review and make Rules;
- Review and issue standards and codes of practice; and
- Make submissions to the President in relation to legislative matters outside the scope of its own legislative powers.

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

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

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

All DFSA Board Directors are appointed by the President of the DIFC, His Highness Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum, for 3 year terms. In addition, 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.

## DFSA BOARD (CONTINUED)

The Board currently consists of 13 Members and all but the Chief Executive are independent non-Executive Directors. The Board is supported by Errol Hoopmann as Secretary to the Board of Directors and General Counsel. The Board Secretariat manages and co-ordinates all corporate secretary functions for the Board and each of its Committees.

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

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

Some Committees include Members who are not Members of the Board, but have particular expertise that is helpful to the Members of the Committees, while the Chairman of the DFSA Board is an ex-officio Member of all Board Committees except the Audit and Risk Committee and the RAC.

## DFSA BOARD (CONTINUED)

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.

	Board	Audit and Risk Committee	Governance Nominations Committee	Legislative Committee	Remuneration Committee
Abdullah M Saleh	6/7	-	-	-	-
Saeb Eigner	7/7	4/4	5/5	-	5/5
Paul M Koster	7/7	4/4	5/5	6/6	5/5
Fadel Abdulbaqi Al Ali	7/7	4/4	-	-	5/5
Abdul Wahid Al Ulama	7/7	-	-	6/6	-
The Hon Apurv Bagri	7/7	3/4	4/5	-	4/5
Michael Blair QC	7/7	-	-	6/6	-
Robert L Clarke	7/7	-	-	6/6	-
Lord Currie of Marylebone	7/7	-	5/5	-	5/5
The Earl of Home	7/7	4/4	5/5	-	-
Robert Owen	7/7	-	-	6/6	5/5
J Andrew Spindler	7/7	4/4	5/5	-	5/5
Georg Wittich	7/7	4/4	-	6/6	-

## DFSA BOARD MEMBERS

**Abdullah M Saleh** (Refer to page 4 for biography photograph)

Abdullah M Saleh was appointed as Chairman of the DFSA Board of Directors on 17 June 2007, having served as a Director of the DFSA since 2004. Mr Saleh is former Vice Chairman of Emirates NBD PJSC, the largest banking entity in the Middle East. Emirates NBD PJSC was formed by the merger of National Bank of Dubai (NBD) and Emirates Bank International (EBI). Mr Saleh was one of NBD's founders in 1963, the Managing Director from 1982 until January 2004, and Chairman from 2005 until the merger with EBI.

Mr Saleh is a former adviser on financial matters to the Late Ruler of Dubai, HH Sheikh Rashid Bin Saeed Al Maktoum. Mr Saleh served as an Arbitrator on the Paris-based High Board of the Euro-Arab Arbitration Centre, from 1988 to 2000. He has been a Member of the Board of Qatar Fuel Additives Company since 1990 and has been Chairman of International Octane Limited since 1990. He is the Deputy Chairman and major shareholder of Dubai Transport Company LLC (DUTCO), the holding company of the DUTCO Group of Companies. He has been Chairman of MARSH INSCO (insurance brokers) since 1976. He is a Director of K S Energy Services Limited.

He was educated in Sharjah and London and also attended the Institute of Bankers after completing his academic studies.



**Saeb Eigner** was appointed by the DFSA Board as its deputy Chairman following the appointment of Mr Saleh as Chairman. Mr Eigner is the Founder and Chairman of Lonworld, a private finance, property and investment group. He is a Governor of the London Business School.

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

Mr Eigner holds a Masters Degree in Business Administration and a Masters Degree in Management from the London Business School. He is the co-author of the management books "Sand to Silicon" (2003) and "Sand to Silicon-Going Global" (2009) and author of "Art of the Middle East" (2010). He holds and has held a number of senior Board appointments in the areas of banking, strategy, education, investment and culture.

## DFSA BOARD (CONTINUED)

### **Paul M Koster** (Refer to page 8 for biography photograph)

Paul M Koster was appointed Chief Executive of the DFSA on 1 December 2008. Prior to becoming Chief Executive, he was Commissioner and Member of the Executive Board of the Autoriteit Financiële Markten (AFM), the national, integrated conduct of business financial services regulator for the Netherlands, where he was identified as one of the four leaders shaping the conscience of Dutch business. Mr Koster joined the AFM in March 2001 and in addition to his duties as a Commissioner, he chaired, from May 2006 until December 2007, CESR-Fin, the permanent working party of the Committee of European Securities Regulators that co-ordinates the endorsement and enforcement of financial reporting standards in Europe. For the previous two years he had chaired CESRs Sub-committee on International Standards Endorsement. During his time with the AFM, he was also a Member of the IOSCO Chairs' Committee and, as Chief Executive of the DFSA, he remains actively involved in the work of IOSCO.

Mr Koster previously served as Executive Vice President (Corporate Internal Audit) at Royal Philips Electronics 1998 to 2001; as Managing Partner Corporate Finance, Coopers & Lybrand 1988 to 1998; and as Chief Compliance Officer and Acting Commissioner of Quotations, Amsterdam Stock Exchange 1986 to 1988; and carried out a number of senior finance functions in his earlier career, having trained as an accountant with Arthur Andersen.

Mr Koster is a licensed Registered (Chartered) Accountant having qualified through the Royal Dutch Institute of Chartered Accountants in 1977 and certified as a registered auditor in 1983.

In May 2009, Mr Koster joined the Advisory Board of the Emirates Securities and Commodities Authority (SCA), the UAE's federal securities regulator, and in July 2009, he also became a Member of the Consultative Advisory Groups of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA).

In September 2010, Mr Koster won the 'CEO of the Year for Financial Services' award and was voted one of the most influential expatriates living and working in the region today.

## DFSA BOARD (CONTINUED)



**Fadel Abdulbaqi Al Ali** is the Executive Chairman, Operations, for Dubai Holding, as well as being on the Executive Committee of Dubai Holding and several of its entities, including Jumeirah Group.

Mr Al Ali is also on the Board of Directors for Marfin Popular Bank Public Co. Ltd, TAIB Bank and Bank Islam in Malaysia, and was on the Board of Directors for Borse Dubai until 2010.

Mr Al Ali has considerable experience in the finance industry which includes several years at Citibank before his move to Dubai Holding. Prior to this appointment, he was also on the Board of the Dubai Mercantile Exchange (DME).

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



**Abdul Wahid Al Ulama** is a certified arbitrator operating in Dubai. He also is a consultant who regularly advises clients (family offices) on mandates covering legal issues generally and commercial aspects in real estate, finance and retail sectors. He is a Director and Partner in Gulf Lenders Network, Property Finance Link and Emirates Conveyancing Group.

Mr Al Ulama was the Executive Vice Chairman of Dubai Natural Resources, the natural resources investment arm as well as Retailcorp World, the retail arm of Dubai World. He was also a non-Executive Board Member for Nakheel.

Prior to this, he served as Dubai World's Group Chief Legal Officer. He was also the Vice Chairman and interim CEO of Leisurecorp.

Prior to joining Dubai World, Mr Al Ulama was a Partner with Al Tamimi & Company Advocates & Legal Consultants in Dubai and the Managing Partner of their associate office in Qatar. Mr Al Ulama was a Member of the DIFC's Islamic Finance Advisory Council.

## DFSA BOARD (CONTINUED)

**The Hon Apurv Bagri** is the Managing Director of the Metdist Group of Companies. The group is involved in international non-ferrous trade and industry. He is a past Chairman and current Board Member of the International Wrought Copper Council which represents the global copper fabricating industry and a Member of the Advisory Board of the UK-India Business Council. He is Chairman of the Royal Parks Board and a Trustee of the Royal Parks Foundation. He is also Deputy Chairman of the Governing Body of the London Business School, a Commissioner of the Crown Estate Paving Commission and a Trustee of Asia House. He is a Member of the Corporation, University College School.



He is, in addition, Pro-Chancellor and Chair of Council of the City University, London and is a visiting Professor at Cass Business School. He is a past Chairman and current Board Member of TiE Inc, a global non-profit organisation that promotes entrepreneurship and wealth creation.

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

**Michael Blair QC** is in independent practice at the Bar of England and Wales, specialising in financial services law and practice, and having joined his Chambers in Gray's Inn, London in 2000. For 13 years before that he held successive senior positions in regulation in the City of London, latterly as General Counsel to the Board of the UK FSA. He is a Member of the Competition Appeal Tribunal, and was until recently the President of the Guernsey Financial Services Tribunal and the Chairman, SWX Europe, the London arm of the Swiss Stock Exchange. He was the Master Treasurer of the Middle Temple, his Inn of Court, in its quatercentenary year 2008.



From 2000 to 2002, Mr Blair was the Chairman of the three recognised self-regulating organisations for the UK financial services industry: Investment Management Regulatory Organisation, Personal Investment Authority and Securities and Futures Authority. He served on the Bar Council for ten years, including four years as Treasurer from 1994 to 1998. He was given the award of Queen's Counsel (honoris causa) in 1996 and is the author and editor of a number of leading textbooks on UK financial services law.

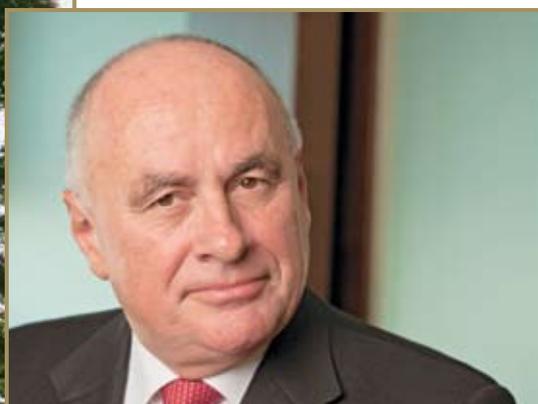
## DFSA BOARD (CONTINUED)



**Robert L Clarke** has extensive experience with banking laws and regulations and bank supervision, both in the US and internationally. Mr Clarke founded the Financial Services Group at Bracewell & Giuliani, LLP in 1973. He was appointed by President Ronald Reagan as US Comptroller of the Currency and at the end of his first term was re-appointed by President George H W Bush. He served as Comptroller

from 1985 to 1992 and during his tenure the agency supervised about 5,000 nationally chartered commercial banks. During that time he also served as a Member of the Board of Directors of the Federal Deposit Insurance Corporation (FDIC). In March 1992 he re-joined Bracewell & Giuliani LLP as Senior Partner and head of its financial services practice. Mr Clarke has served as a consultant and advisor to a number of countries on their bank supervisory operations.

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



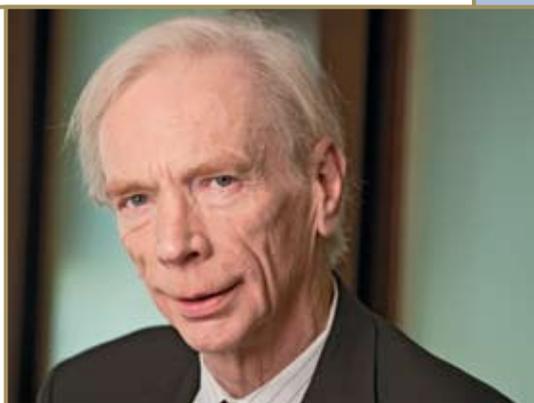
**Lord Currie of Marylebone** has wide ranging experience in financial services, public administration and the education sector. In addition to serving on the Board of the DFSA, he is Chairman of the International Centre for Financial Regulation and of Semperian Investment Partners. He is also a Board Member of the Royal Mail, BDO UK, IG Group and the London Philharmonic Orchestra. He was the founding Chairman of Ofcom, the converged

UK regulator for electronic communications from 2002 to 2009, and Dean of City University's Cass Business School in the City of London from 2001 to 2007.

Formerly he was Deputy Dean at the London Business School and a non-Executive Director of the Abbey National, as well as serving on the Board of the Office of Gas and Electricity Markets, the UK energy regulator, and a variety of other government bodies. His academic research has been in the area of regulation. In his earlier career he worked in financial services, business, public administration and education.

## DFSA BOARD (CONTINUED)

**The Earl of Home** has been Chairman of Coutts & Co since 1 June 1999 and became Chairman of Coutts Bank (Switzerland) Limited (now RBS Coutts), on 8 March 2000. He was appointed Chairman of Grosvenor Group Limited in May 2007 and retired from this position in December 2010. He has wide experience of the banking sector and, having joined Morgan Grenfell in 1966, was appointed Director of Morgan Grenfell & Co Limited (now Deutsche Securities Limited) in 1972. He assumed responsibility for the International Division of the bank in 1983. He was then appointed to a number of other international positions at Morgan Grenfell, becoming a Director of Morgan Grenfell Group PLC in 1996 and Chairman of Deutsche Morgan Grenfell Group PLC in 1999.



Lord Home has held a number of other non-Executive and public positions including Director of the Agricultural Mortgage Corporation PLC, between 1980 and 1993, Chairman of MAN Limited (retired July 2009), President of the British Malaysian Society (appointed in 2001) and Chairman of the Committee for Middle East Trade (retired in 1992). He is an active Member of the House of Lords and was a front bench spokesman on Trade, Industry and Finance until 1998.

Lord Home was educated at Oxford University.

**Robert Owen** has wide-ranging experience as both a regulator and a market practitioner, with particular exposure to the Asia Pacific region. He established the Securities and Futures Commission (SFC) in Hong Kong and was appointed its Executive Chairman in 1989. Prior to this, Mr Owen was Director, Investment Banking, Lloyds Bank Group and Chairman and Chief Executive, Lloyds Merchant Bank. Earlier, he was a Director of Morgan Grenfell & Co,



and served in the UK Treasury and Foreign Office. Since leaving the SFC, Mr Owen has been Deputy Chairman of Nomura Asia Holdings Limited, and Senior Adviser to Nomura International (Hong Kong) Limited, a Member of the Council and Regulatory Board of Lloyd's of London, Chairman of Techpacific Capital Limited, Chairman of IB Daiwa Limited, a Director of Sunday Communications Limited, European Capital Co Limited and various other companies and investment funds. He is currently a Director of Singapore Exchange Limited and of Citibank (Hong Kong) Limited, and of the International Securities Consultancy Limited. He is also Governor of Repton School in the UK and a Board Member of Repton School Dubai.

Mr Owen was educated at Repton School and Oxford University.

## DFSA BOARD (CONTINUED)



**J Andrew Spindler** is the President and CEO of the Financial Services Volunteer Corps (FSVC), a not-for-profit private-public partnership whose mission is to help build sound banking and financial systems in transition and emerging market countries. Prior to his appointment in 1993, Mr Spindler served as a Senior Vice President at the Federal Reserve Bank of New York, where he headed

the Banking Studies and Analysis Function and Payments System Studies staff. While at the New York 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 New York Fed on the Basel Committee on Banking Supervision from 1991 to 1993. Prior to joining the New York Fed in 1985, Mr Spindler held several international lending and strategic planning positions at the Continental Illinois Bank. He served as a Fellow at The Brookings Institution from 1980 to 1983.

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



**Georg Wittich** has extensive regulatory experience with financial markets, in particular from a European perspective. He established the Bundesaufsichtsamt für den Wertpapierhandel (Federal Securities Supervisory Office) in Frankfurt and served as its President from 1994 to 2002. In 1998, Mr Wittich was elected Chairman of the Forum of European Securities Commissions which played a key role in developing common standards

for European capital markets. In IOSCO, Mr Wittich was Vice-Chair of the Technical Committee and Chairman of the Internet Project Team. Prior to this, Mr Wittich held various senior posts in the Federal Ministry of Finance in Germany in the area of international finance and securities markets and he was Financial Counsellor at the German Embassy in Tokyo (1983 to 1987).

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



## DFSA BOARD COMMITTEES

### LEGISLATIVE COMMITTEE

The primary function of the Legislative Committee (LegCo) is to assist the Board in discharging its policy-making and legislative functions, including the development of legislation related to the regulation of financial services and related ancillary activities conducted through the DIFC. LegCo members are:

- Michael Blair QC (Chairman of LegCo)
- Abdul Wahid Al Ulama
- Robert L Clarke
- Errol Hoopmann (DFSA Executive)
- Ian Johnston (DFSA Executive)
- Paul M Koster (Chief Executive, DFSA)
- Robert Owen
- Ermanno Pascutto (External Committee Member)
- Georg Wittich

**Ermanno Pascutto** is a lawyer and a former senior securities regulator in Hong Kong and Canada. He specialises in securities matters involving the regulation of public companies and financial intermediaries, including advising with respect to disciplinary and enforcement matters, licensing, listings, governance and takeovers and mergers. He was the driving force behind the establishment in 2008 of the not-for-profit Canadian Foundation for Advancement of Investor Rights (FAIR Canada) and currently serves as its initial Executive Director. He is also senior advisor to the US law firm Troutman Sanders' Hong Kong Office. He is a former Founding Director and Vice Chairman of the SFC, Hong Kong (1989 to 1994), Chief Operating Officer of the Ontario Securities Commission (1984 to 1989) and Director of Market Policy of the Toronto Stock Exchange. He has been involved with the DIFC since 2002 when the project was in the early stages. Mr Pascutto has practised Hong Kong and Canadian law with leading Canadian law firms.

### AUDIT AND RISK COMMITTEE

The primary function of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the processes for identifying, evaluating and managing the DFSA's principal risks impacting financial reporting. Neither the Chairman nor Chief Executive can be members of the Audit and Risk Committee but may attend by invitation. Audit and Risk Committee members are:

- The Earl of Home (Chairman of the Audit and Risk Committee)
- Fadel Abdulbaqi Al Ali
- The Hon Apurv Bagri
- R Douglas Dowie (External Committee Member)
- Saeb Eigner
- Andrew Spindler
- Georg Wittich

**R Douglas Dowie** was a Board Member of Emirates NBD PJSC and Senior Advisor to the Board from 2007 to 2010. He was the Chairman of the bank's Board Risk Committee, a Member of the Board Audit and Credit Committees and a Director of NBD Trust Company (Jersey) Limited. From 1998 to 2010 he was a Board Member of MARSH INSCO and between 2007 and 2010 served on the Board of AlKhalij Commercial Bank, Qatar. Prior to his appointment to the Board of Emirates NBD following the merger of NBD with EBI in 2007, Mr Dowie had been the General Manager of NBD since 1998 and its Chief Executive Officer from 2005 to 2007. Throughout this period he had global responsibility for the bank's affairs reporting to the Board.

A career international banker with what is now Standard Chartered Bank, Mr Dowie's first assignment overseas took him to Aden in 1963, followed by assignments in the Middle East, including Lebanon, where he graduated from the Middle East Centre for Arabic Studies. He subsequently served in Libya, Iran and several of the GCC states, including from 1987 to 1992 as CEO for the UAE Operations of Standard Chartered Bank. Mr Dowie also served in the Far East with assignments in Hong Kong 1978 to 1984 and Indonesia 1993 to 1997. As CEO of Standard Chartered Indonesia, he was also Chairman, PT Standard Chartered Leasing Co; Commissioner, PT Standard Chartered Indonesia (Merchant Bank and Securities House) and Chief Advisor PT Bank Pembangunan Indonesia (Persero), aka Bapindo.

He is an independent non-Executive Director of British Arab Commercial Bank and a Member of its Audit Committee. He holds a non-Executive Advisory position with ScotiaCapital on matters of regional strategy. He is a Member of the University Council of the British University in Dubai.

He is a Fellow of the Chartered Institute of Bankers in Scotland, a Member of the Chartered Institute of Management and a Globalscot.

## GOVERNANCE AND NOMINATIONS COMMITTEE

The primary function of the Governance and Nominations Committee is to assist the Board in fulfilling its supervisory responsibilities in respect of the operations of the Board and its management, to identify individuals qualified to become Board Members, to develop a succession programme and to develop and recommend to the Board a set of corporate governance principles. Governance and Nominations Committee members are:

- Saeb Eigner (Chairman of the Governance and Nominations Committee)
- The Hon Apurv Bagri
- Lord Currie of Marylebone
- The Earl of Home
- Paul M Koster (Chief Executive, DFSA)
- J Andrew Spindler

## REMUNERATION COMMITTEE

The primary function of the Remuneration Committee (RemCo) is to make recommendations to the Board concerning the remuneration and performance (to the extent it relates to remuneration) of the DFSA's Board, Executive and staff, that will assist the Board to discharge its responsibilities relating to human resources at the DFSA. RemCo members are:

- J Andrew Spindler (Chairman of RemCo)
- Fadel Abdulbaqi Al Ali
- The Hon Apurv Bagri
- Lord Currie of Marylebone
- Saeb Eigner
- Paul M Koster (Chief Executive, DFSA)
- Robert Owen

## REGULATORY APPEALS COMMITTEE

The Regulatory Appeals Committee (RAC) functions as an internal appeal mechanism for the DFSA Executive's regulatory decisions to ensure procedural fairness, objectivity and transparency. The law empowers the RAC to conduct a full merits review of Executive decisions under appeal. Decisions of the RAC may be reviewed by the DIFC Courts by way of judicial review on a point of law. RAC members are:

- Robert Owen (Chairman of the RAC)
- Abdul Wahid Al Ulama
- Michael Blair QC
- Robert L Clarke
- R Douglas Dowie (External Committee Member)
- Jayshree Gupta (External Committee Member)
- William F Kroener, III (External Committee Member)
- Ermanno Pascutto (External Committee Member)
- Georg Wittich
- Nada Khneisser Zarka (External Committee Member)

**R Douglas Dowie:** Refer to page 29 for corporate biography.

**Jayshree Gupta** is a dual-qualified solicitor (England and India) and has been practising in the UAE since 1995. She has a number of years of experience in the Gulf advising on corporate and commercial matters, including mergers and acquisitions, joint ventures, franchising, agency and distribution, and hotel contractual work. Her clients are a combination of multi-national organisations, established Middle Eastern businesses and Indian corporates. The sectors she has worked in include hotels and leisure, media, technology, telecommunications and finance.

## DFSA BOARD COMMITTEES (CONTINUED)

She is presently a Consultant to DLA Piper Middle East LLP and has a lead role in the firm's India strategy and is developing the Gulf-India stream of business and coordinates India related inbound and outbound work.

Prior to joining DLA Piper, Ms Gupta was the head of the corporate and commercial group at a leading international law firm with an established Middle Eastern presence.

She has been actively involved in writing articles and compiling and editing newsletters, concerning developments in the Middle East, including an e-commerce-related publication. She speaks regularly at conferences on trade and investment about India and the Middle East region. She is a recommended practitioner in the UAE by Practical Law Company in Global Counsel 3000 and in PLC's 'Which Lawyer? Yearbook'.

Ms Gupta was featured on the cover of the international edition of The American Lawyer magazine in October 2006. In December 2008, she was awarded Young Achiever in Business in the first ever Middle East Lifestyle Awards held in Dubai which recognises the contribution of Asians in the Middle East.

**William F Kroener III** is Counsel at Sullivan & Cromwell LLP, and practises from the Washington DC and Los Angeles offices. His practice involves complex regulatory matters, governance, financings, mergers and acquisitions and investigations involving regulated financial institutions. He served as General Counsel of the US FDIC from 1995 to 2006 and served on the FDIC's Supervisory Appeals Committee from its inception until his departure from government service. Prior to his FDIC service, he practised law in New York City and Washington DC, specialising in banks and other regulated financial institutions, and also served on the Board and headed the examining and audit committee of a New York bank. He speaks and writes regularly on financial regulatory topics and has taught as an adjunct professor at Stanford, George Washington and American University law schools. He has also been active in the banking and financial services committees of the American, City of New York, New York State and Federal Bar associations and in the American Law Institute. He is listed as a leading lawyer in Banking Law in White's Best Lawyers in America. Mr Kroener received JD and MBA degrees from Stanford and bachelor's degree from Yale.

**Ermanno Pascutto:** Refer to page 28 for corporate biography.

**Nada Khneisser Zarka** is a lawyer and current Chief Legal Counsel at Al Mal Capital. She has 21 years of experience encompassing banking, civil, commercial and corporate laws in UAE, GCC countries and the Middle East.

Ms Zarka started practising law with Kanaan & Co as a litigation and transaction lawyer serving a spectrum of local and international clients.

## DFSA BOARD COMMITTEES (CONTINUED)

To broaden her product knowledge in the insurance industry, she went to the Isle of Man for intensive insurance courses, which supported her advisory role in this specialist area and on unprecedented products in the local marketplace.

In 1998, Ms Zarka joined a US-based international telecom company as Legal Counsel gaining substantial expertise in telecommunication regulation.

In 2000, Ms Zarka moved to a banking law practice advising on all legal and regulatory issues including highly complex and cross-border transactions. She has gained expertise in different banking products and documentation structure. She served as Head of Legal in Mashreq Bank and ABN Amro Bank, managing matters ranging from legal to regulatory perspective. Ms Zarka was an active member of the Emirates Banking Association providing legal advice in connection with proposed amendments to UAE Laws and regulations.

## FINANCIAL MARKETS TRIBUNAL

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

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

FMT members are:

- Stewart Boyd CBE QC (President of the FMT)
- John L Douglas
- Gavan Griffith QC
- Ali Malek QC
- David M Stockwell

**Stewart Boyd CBE QC** is a senior member of Essex Court chambers in London, specialising in international commercial and investment disputes, mainly as arbitrator. He was called to the Bar in 1967 and was made a Queen's Counsel in 1982. He is the author, with Lord Mustill, of the leading English textbook on Commercial Arbitration. From 1998 to 2004 he was Deputy Chairman of the UK FSA. He has presided over a number of government and regulatory inquiries, as a Recorder over criminal trials and as a Deputy High Court Judge over civil and commercial trials.

## DFSA BOARD COMMITTEES (CONTINUED)

Mr Boyd QC was awarded the CBE in 2005 for his services to the financial sector. He is a Master of the Bench (the governing body) of the Middle Temple, one of the four Inns of Court in England, with responsibility for legal education and other professional matters.

**John L Douglas** heads the global bank regulatory practice at Davis Polk & Wardwell LLP, and practises from the firm's New York office. He served as General Counsel of the FDIC from 1987 to 1989 during the previous banking crisis in the US, and has been involved in most of the significant failed and failing bank transactions during the current crisis. He is a Member of the Board of Directors of the FSVF, and in that capacity, he has provided advice to the governments of Russia, China, Indonesia, Egypt and others.

His practice involves complex mergers, acquisitions and joint ventures, difficult regulatory enforcement activities and sensitive investigations. He served as a Member of the Board of Provident Financial Corporation and on its Audit and Corporate Governance Committees.

Mr Douglas is a frequent lecturer on banking law matters and is listed in The International Who's Who of Business Lawyers, Legal Media Group's Guide to the World's Leading Banking Lawyers, Chambers' American Leading Lawyers for Business and White's Best Lawyers in America.

**Gavan Griffith QC** practises as a barrister and international chartered arbitrator in Melbourne and also at Essex Court Chambers, London. He was Solicitor-General of Australia from 1984 to 1997. He has had various international appointments, including Leader of Australia's Delegation, and sometime Vice-Chairman, of the UN International Trade Law Commission (UNCITRAL) including in sessions for the adoption of UNCITRAL Model Law of International Commercial Arbitration at Vienna in 1985.

Amongst other appointments he was Leader of the Australian Delegation to The Hague Conference on Private International Law (1992 to 1998), Member and sometime Chairman of INTELSAT Panel of Legal Experts (1988 to 1997) and Member of the Permanent Court of Arbitration at The Hague (1987 to 1999). He is a Member of the Panel of Arbitrators at the International Centre for Settlement Investment Disputes (ICSID) and of various other arbitral institutions.

Mr Griffith QC holds a DPhil from Oxford University and has been a sometime Fellow at Magdalen College, Oxford. He now practises substantially as Counsel and as Chairman or Member of international tribunals, including those administered by the Permanent Court of Arbitration, ICSID, LCIA (London), ICC (Paris) and other administered and non-administered arbitrations.

## DFSA BOARD COMMITTEES (CONTINUED)

**Ali Malek QC** is a leading barrister in England and Wales specialising in all aspects of Commercial Law including Banking and Financial Services Law. He is the Head of Chambers at 3 Verulam Buildings.

Mr Malek QC is a bencher of the Honourable Society of Gray's Inn and a Recorder of the Crown Court. He is a former Chairman of the Commercial Bar Association. He is also a co-author of *Jack: Documentary Credits (4th Edition)*.

Mr Malek QC obtained his MA and BCL at Keble College, Oxford University. He was called to the Bar in 1980 and appointed Queen's Counsel in 1996. He is authorised to sit as a Deputy Judge in the High Court.

**David M Stockwell** is the Managing Partner in Dubai of Bracewell & Giuliani LLP, an international law firm concentrating on energy, finance, corporate structuring, financial regulation, and alternative dispute resolution for multinational and Middle Eastern clients.

A former US Diplomat, he previously served in Kuwait, Tunisia, Washington DC and as US Consul General in Dubai. Born in Saudi Arabia, he has lived in the Middle East for more than 47 years. Admitted to the Bar in Texas in 1976 and licensed in Dubai in 1989, he is also Chairman Emeritus of the Middle East Council of American Chambers of Commerce, the regional organisation of all American Chambers of Commerce in the GCC, and serves as Chairman of the Board of Trustees of the American School of Dubai, a not-for-profit, private educational institution.



## DFSA EXECUTIVE

**Paul M Koster**, Chief Executive. Refer to page 21 for corporate biography and page 8 for biography photograph.



**Ian Johnston** - Deputy Chief Executive and Managing Director is an experienced international regulator who joined the DFSA in November 2006 to head up the Policy and Legal Services Division. He was admitted to practice law in Australia in the early 1980s and spent most of his career in the private sector. He held a number of senior positions within the AXA Group and was CEO of one of Australia's major Trustee Companies. During this time, he

played a leading role in the Trustee industry and served on the National Council of the Trustee Corporations Association.

In 1999, Mr Johnston joined the Australian Securities and Investments Commission (ASIC) where he held the position of Executive Director, Financial Services regulation, and spent several terms as an acting Commissioner. In 2005, he took up a position with the SFC, Hong Kong, as a Special Advisor. He is a past Chairman of the Joint Forum, which comprises representatives of the major international regulatory standard-setters (IOSCO, IAIS and the Basel Committee). He is a Member of the Technical Committee of the IAIS.



**Jan Bladen** - Chief Operating Officer joined the DFSA at the beginning of 2005. Prior to that, he spent seven years with PwC in both Geneva and Dubai as a member of the Global Risk Management Practice, and included international mandates spanning over 37 countries from 1998 to 2005.

Mr Bladen is a regular keynote speaker on the subjects of Corporate Governance and Risk Management and was one of PwC's lead experts on Enterprise Risk Management. He previously held senior positions in European companies and spent three years as a management consultant with legacy McKinsey Partners, Value Management Group.

From 1998 to 2003 Mr Bladen was elected President of Executives International in Switzerland. In 2000, he was nominated to the Committee of the British Swiss Chamber of Commerce. In 2008, he was admitted to the Institute of Directors (IOD), having successfully passed the IOD's Director Development Programme. In 2009, he was nominated as a Governor to the Board of Governors of Abbotsholme, a leading private boarding school in England.

## DFSA EXECUTIVE (CONTINUED)

Mr Bladen was born in the Netherlands and is both a British and Swiss citizen. Raised in the Far East, Middle East, Europe and Africa, he was educated in French embassy and British public schools. He is fluent in English, French and Spanish and obtained an MBA (summa cum laude) from Lausanne in 1993.

**Peter Casey** - Director, Policy and Strategy, Head of Islamic Finance joined the DFSA in 2002 as Director, Insurance. In 2004, his responsibilities were extended to other areas and in 2007, he was appointed Director, Policy and in 2009 he also became Head of Islamic Finance. In 2010, his responsibilities were further extended to include Strategy.



Before joining the DFSA, Mr Casey was Head of the Non-Life Insurance Department of the UK FSA. Before that, he held senior regulatory posts in the Treasury, the Department of Trade and Industry and the Office of Fair Trading. He has wide experience of UK government, having also served in the Cabinet Office and Science Research Council, and having worked in areas ranging from export promotion to the creation of computer misuse legislation.

Mr Casey was educated at Cambridge University.

**Stephen Glynn** - Director and Head of Enforcement, joined the DFSA in January 2005 and has extensive experience in the regulation of financial and capital markets, financial services and products and listed and unlisted corporate entities.



His portfolio of responsibilities includes enforcing obligations that apply to regulated entities in the DIFC, members of NASDAQ Dubai, the DME and Reporting Entities that list their products and make offers of securities in the DIFC.

Mr Glynn was formerly employed in various senior positions with ASIC carrying out responsibilities in the Markets and Investments, Managed Investments, Financial Services Regulation, Corporate Investigations and Financial Analysis Divisions.

He is a forensic financial analyst and a former member of the Investigations Committee of the National Council of Certified Practising Accountants Australia.

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

Mr Glynn has both Bachelors and Master degrees from Australian universities.

## DFSA EXECUTIVE (CONTINUED)



**Errol Hoopmann** - General Counsel and Secretary to the Board, joined the DFSA in 2003 and is the DFSA's senior legal adviser heading up the Board Secretariat.

Prior to taking this position, Mr Hoopmann was Director, Legal Services with primary responsibility for managing legal service delivery in the DFSA, including advising and legislative drafting. He has also held previous DFSA directorship roles in relation to enforcement and policy formulation.

Before joining the DFSA in 2003, Mr Hoopmann was a Principal Lawyer of ASIC where he was responsible for the conduct of major enforcement activities.

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



**Martin Kinsky** - was appointed Managing Director, Markets in 2006 and completed his tenure at the DFSA in June 2010.

Mr Kinsky's international career spans some 40 years in the operations of exchanges and in the legal profession. Prior to joining the DFSA, he gained wide ranging experience at the Australian Stock Exchange having held several positions including Company Secretary and General Counsel as well as managing the Membership / Intermediaries and Enforcement functions.



**Gerald Santing** - Managing Director, Markets, joined the DFSA in June 2010 as Managing Director, Markets and has overall responsibility for the DFSA's regulation of NASDAQ Dubai, the DME and other future exchanges that may receive authorisation to operate within the DIFC.

Prior to becoming Managing Director, he was Managing Director of the Netherlands Authority for the Financial Markets, responsible for markets oversight. He was directly involved in the implementation of the Market Abuse Directive of MiFID in the Netherlands,

## DFSA EXECUTIVE (CONTINUED)

and has been acting Commissioner of the Markets. He chaired the international regulatory task force that dealt with the approval procedures of the merger of NYSE and Euronext in 2006 to 2007.

Mr Santing was the Managing Partner Financial Advisory Services at Deloitte (2000 to 2004), Board Member of Kamerbeek Group (1995 to 2000), CEO of the Mutual Insurance Company OLMA (1990 to 1995) and carried out several management positions at ABN AMRO (1975 to 1990).

Mr Santing has a degree in Economics from the University of Amsterdam.

**Bryan Stirewalt** - Managing Director, Supervision, joined the DFSA in 2008 as a Director in the Supervision Division, responsible for commercial banking and insurance activities as well as co-ordinating the DFSA's efforts to combat money laundering and terrorist financing.



In September 2010, he was appointed Managing Director of the DFSA's Supervision Division which oversees a variety of financial service providers, including commercial banks, investment banks, reinsurance companies, fund managers and fund administrators. Additionally, he oversees the DFSA's regulatory role with various Ancillary Service Providers (ASPs) such as lawyers, accountants and auditors. As Managing Director, he continues to be active in the DFSA's efforts to fight methods of illicit finance, including co-operation with a variety of local, regional and international counterparts.

Mr Stirewalt has spent most of his working life in the financial regulatory sphere, in both public and private sector roles. From 1985 to 1996, he worked for the US Office of the Comptroller of the Currency as a National Bank Examiner, where he specialised in policy development and implementation, problem bank rehabilitation and banking fraud initiatives. From 1996 to 2008, he worked for a US consulting and advisory firm. During his consulting career, he focused his attention on Emerging Markets, including management of large-scale and multi-faceted development projects in Poland, Ukraine, Cyprus and Kazakhstan. These projects related to a wide array of topics including financial sector development, risk management policies and practices, AML systems and controls and methods of supervising complex financial conglomerates.

## DFSA EXECUTIVE (CONTINUED)



**Gary Wallis** - Head of Human Resources (HR) joined the DFSA in 2006 as Head of HR. He has more than 30 years experience in the field of human resources, including 8 years in the UAE. He has previously worked for 9 years in the financial services industry including roles in Dubai with HSBC in a senior HR development role and ABN Amro as Regional Head of HR. He was also Global Head of HR for Private Clients and Asset Management for ABN Amro based in Amsterdam.

Mr Wallis has a BSc in Political Science and is a Chartered Fellow of the Chartered Institute of Personnel Development.



**Michael Zamorski** - was appointed Managing Director, Supervision in 2006 and completed his tenure at the DFSA in December 2010. Mr Zamorski's international career spans more than 35 years in financial institution supervision, 29 of those years spent with the FDIC overseeing the FDIC's bank supervisory activities for safety and soundness, as well as compliance and consumer protection, for the 5,200 institutions under its jurisdiction.

Mr Zamorski was a Member of the BCBS from 2000 to 2006. He is a 2004 recipient of the American University School of Public Policy's Roger W Jones Award for outstanding executive leadership in the US government. In 2008, he was appointed to a five-year term as a Board Member of AAOIFI.







WHAT WE DO



## DFSA ORGANISATIONAL STRUCTURE

In fulfilling its mandate, the DFSA performs the following key functions around which it has organised its staff:

**THE POLICY AND LEGAL SERVICES DIVISION** is responsible for policy advice and formulation, providing in-house regulatory legal advice and support to operating Divisions of the DFSA and managing the business of the Regulatory Policy and Rules and Waivers Committees. It is also responsible for developing and maintaining the Laws and Rules administered by the DFSA, and for consulting with DIFCA on other DIFC legislation. The Division is also responsible for providing economic analysis and reporting. This analysis aids the Supervision and Markets teams in their understanding and monitoring of market conditions.

The Policy and Legal Services Division also houses the **STRATEGY** function, reporting to the Chief Executive and led by Peter Casey. This function advises on the strategic development of the DFSA, including the preparation of its Business Plan.

**THE SUPERVISION DIVISION** is responsible for assessing, monitoring and mitigating risk in Authorised Firms (AFs), ASPs and Registered Auditors (RAs). Stringent review of proposed new entrants occurs during the licensing process and continuing vigilance is maintained through inspections, supplemented by off-site surveillance. Firms' proper conduct of business, financial health and adherence to laws, regulations and prudential standards are assessed by a team of experienced regulators. Timely remedial action is instituted to address weaknesses, objectionable practices or adverse conditions identified by our supervisory activities.

**THE MARKETS DIVISION** is responsible for the licensing and ongoing supervision of exchanges and clearing houses based in the DIFC. It also recognises exchanges, clearing houses and settlement facilities and members located outside the DIFC. It regulates the offers of securities in or from the DIFC and supervises Reporting Entities by monitoring their ongoing market disclosures and compliance with DFSA rules. It contributes to policy development and rule changes, particularly those relating to its supervisory portfolio.

**THE ENFORCEMENT DIVISION** enforces DIFC Laws and Rules administered by the DFSA. The Division takes action in circumstances where misconduct may cause damage to the DIFC's reputation or 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.

To achieve that objective the Division has a wide range of enforcement powers and sanctions available to it, and uses these sanctions with discretion to ensure that they are proportionate and fair. The DFSA may accept Enforceable Undertakings (EUs), impose fines or censures, take licensing action or commence proceedings in the FMT or the DIFC Courts. It has been the DFSA's practice to settle its enforcement

actions whenever possible as this is generally in the best interests of the regulator and the regulated. In line with its objective to be transparent, all enforcement outcomes are made public.

The Enforcement Division frequently provides assistance to international regulators, and takes every opportunity to work closely with local regulators.

The Division also works proactively to prevent misconduct through education and outreach programmes.

**THE OFFICE OF GENERAL COUNSEL** provides lead advice and counsel to the Board of Directors, its Committees and the Executive on legal matters affecting the DFSA, including internal governance, statutory obligations and litigation (non-regulatory). The Office also administers the receipt and handling of complaints against the DFSA and its staff. The Board Secretariat manages and co-ordinates all corporate secretary functions for the Board and each of its Committees.

**INTERNATIONAL RELATIONS** leads and co-ordinates the DFSA's role in all international matters and co-operative bi-lateral and multi-lateral efforts with its regional and international counterparts, as well as the DFSA's engagement with the global financial standard-setters.

**THE CORPORATE SERVICES AND OPERATIONS DIVISION** is not only responsible to provide the operational backbone and infrastructure requirements for the DFSA, but also for all internal and external corporate communications.

The five principal Departments within the Corporate Services and Operations Division include:

- Projects and Risk Management;
- Information Technology (IT);
- Office Administration;
- Finance; and
- Corporate Communications.

Some of the key areas of scope and responsibility of the Division include:

- Corporate Administration;
- Office Management;
- All Finance functions;
- Information Technology;
- Corporate Project Management;
- Risk Management;
- Corporate Communications;
- Annual Budgeting;

## DFSA ORGANISATIONAL STRUCTURE (CONTINUED)

- Business Continuity Planning;
- Business Process Reengineering;
- Corporate Business Planning;
- External Audit;
- Internal Audit; and
- Health and Safety.

In addition to the activities described, the Corporate Services and Operations Division led the project for defining, documenting and implementing the DFSA's Regulatory Risk Appetite.

**THE HUMAN RESOURCES DIVISION** is responsible for all aspects of human resource management, particularly for ensuring the ongoing recruitment and skills development of employees and their retention. Its core development activity is the development of Emiratis for regulatory careers through the TRL Programme.

## KEY DFSA-WIDE INITIATIVES

### 17th Annual Conference of the IAIS

The DFSA was competitively selected in 2006 to host the 17th Annual Conference of the IAIS in Dubai in October 2010. The IAIS is the regulatory standard-setter for the global insurance industry, representing insurance regulators in some 190 jurisdictions in nearly 140 countries, constituting nearly 97% of the world's insurance premiums.

The Annual Conference was the culmination of a week long event, also comprising the October Triannual Meetings of IAIS, a number of memorable social functions and the Annual General Meeting of IAIS. The event provided the opportunity for more than 500 insurance supervisors and industry participants to discuss prevailing market conditions, emerging trends and regulatory developments.

Opening remarks on the first day of the conference were delivered by Paul Koster, and Peter Braumüller, Chair, IAIS Executive Committee. Keynote speeches were given by Lord Turner, Chairman of the UK FSA, Jong Chang Kim, Governor of Financial Supervisory Service, Korea, and Ian Johnston. More than 29 speakers participated on a variety of topics around the theme, Gateway to Trust in the Insurance Industry.

The Conference attracted sponsorship from numerous high profile industry participants, regional business entities and international as well as regional media. Positive feedback received from the IAIS and attendees as to the organisation and efficiency of the event reflected well on the DFSA, as the host, Dubai and the UAE in terms of their suitability as a conference destination and the quality and efficiency of the infrastructure, hotel and conference facilities.

### Audit Seminar

In December, the DFSA hosted a seminar titled 'Developments in the Audit Profession: Towards World's Best Practice in the GCC.' The seminar attracted nearly 200 participants from the region, and highlighted several internationally recognised guest speakers. The seminar was unique in that it was the first time that regional participants gathered to engage openly with each other and their regulator on issues affecting the profession.

Paul Koster highlighted the issues and challenges with respect to auditor's independence, self regulation threat, auditor's communication with those charged with governance, appointment of auditors, rotation, education, professional scepticism, effectiveness of audit opinions, group audits and professional accountancy organisations. In addition, the DFSA released its first audit monitoring statistics for 2009 to 2010.

The main outcome of the seminar was the unanimous agreement to establish a Working Group to address the issues and challenges identified during this seminar. Due to the success of the seminar, the DFSA proposes to make the seminar an annual event.

## KEY DFSA-WIDE INITIATIVES (CONTINUED)

### Islamic Finance

Islamic finance has continued to be an important area of focus during 2010. The DFSA strongly supports DIFCA in its efforts to develop the Centre's Islamic finance industry, an important market segment which assists in distinguishing the DIFC from other international centres.

Early in 2010, the DFSA launched a series of electronic Islamic finance tailored handbooks relating to different types of activities. These are designed to assist existing and prospective Firms undertaking, or proposing to undertake, Islamic finance activities to identify easily the Rules which are applicable to their operations. This initiative is expected to improve the Islamic finance industry's access to our regulatory framework.

Throughout the year, the DFSA has continued to monitor and contribute to the efforts of standard-setters in the area of Islamic finance. We continue to be active members of the IFSB and have participated in a number of working groups, namely those on Solvency Requirements for Takaful Undertakings, Stress Testing and Liquidity Management. In February, the DFSA hosted the IFSB's 5th Seminar on the Regulation of Takaful and participated in its annual meetings and summit. In addition, the DFSA has remained an active member of AAOIFI, particularly as a member of its Accounting and Auditing Standards Board.

The DFSA has recently been admitted as a member of AOSSG and its working group on Islamic finance in which we have been particularly active. AOSSG is a broad regional group of accounting standard-setting bodies which provide a forum for influencing the IASB on International Financial Reporting Standards (IFRS). Through our membership of AOSSG's working group, the DFSA hopes to contribute to the harmonisation of international standards and assert our regulatory knowledge in this important market segment.

The DFSA has also been active in engaging the Islamic finance community through its participation in a number of regional and international public events hosted by DIFCA, the Islamic finance standard-setters, academic and commercial bodies.

### Tomorrow's Regulatory Leaders (TRL) Programme

With the guidance of Emmanuel Givanakis as the Dean, HR has further developed our flagship employee development initiative, TRL Programme, which is now in its 5th year. Greater emphasis is now placed on the pursuit of further education qualification, particularly the Certificate in Financial Analysis. For those who have graduated from the programme studies for Master's qualification is now encouraged.

In 2010, 4 TRL graduates completed the programme and joined the DFSA as Managers. In addition, 5 Associates joined the 5th intake of the programme from

## KEY DFSA-WIDE INITIATIVES (CONTINUED)

a wide range of local institutions, namely from: the American University in Dubai; American University of Sharjah; HCT Dubai Women's College; University of Sharjah and University of Wollongong in Dubai.

The programme received strong support from DIFC-based Firms in 2010, in developing the commercial skills of the Associates.

In 2010, the Dean completed a review of all the programmes training modules. In addition, the Dean and members of the TRL Committee which he chairs concluded their annual review of the programme's content and structure and identified improvements to ensure the ongoing development and effectiveness of the programme. The graduates have also been provided with one-on-one mentoring to ensure they are able to consider all their options as they commence their careers.

A benchmarking study of the programme was completed in 2010. The study compared our programme with other UAE-based graduate development programmes within a range of international organisations, and local firms with a strong reputation for employee development, together with several financial services regulators overseas. The study revealed that the DFSA's programme is of a comparable standard and identified a number of potential ideas for further development.



The Board continues to play an active part in the programme and as our Chairman has recently stated: "We are proud to say that 26% of our regulators are UAE Nationals... the success of the programme is very important to the DFSA and we will continue our efforts to deliver sustainable and ensuring benefits to the UAE by developing young Emiratis for long-term careers in financial services regulation."

## DIVISIONAL INITIATIVES

### POLICY AND LEGAL SERVICES

#### Legislative Initiatives

The Policy and Legal Services Division continued its review of DFSA Laws and Rules, which led to some significant changes in the DFSA regime in 2010. Most important were the changes made to the Collective Investment Funds regime. Having consulted with a DIFC-wide industry panel, improvements have been made to allow the regime to be more attractive and open, while maintaining the high regulatory standards expected in the DIFC. The most significant changes affected Fund Managers (previously Fund Operators) and their ability to manage funds in places outside the DIFC (External Funds) as well as allow, in certain circumstances, non-DIFC Fund Managers to manage DIFC domiciled funds. In introducing these and other changes we ensured we have still met the requirements set out in the IOSCO principles for securities regulation.

In 2010, the Division also introduced changes to the Islamic finance Rules. This resulted in a more comprehensive and dedicated Islamic finance Module of the rulebook, bringing all our requirements into one place. We believe this better presents our Islamic finance Rules and makes the rulebook easier to navigate. To that end we also produced a web-based 'virtual handbook' for Islamic finance.

This year also saw the Representative Office framework come into full operation. This is a significant change for the DIFC and allows Firms who are considering offering financial services in or from the DIFC to 'test the waters' by opening a Representative Office. Such offices are, of course, restricted in what they can do, but financial institutions that open a Representative Office will be permitted to conduct limited marketing activities on behalf of their home office.

#### Policy Development

As well as managing the DFSA's regulatory policy development, the team continued to contribute to the work of the international standard-setting bodies such as IOSCO, IAIS and the Basel Committee. These bodies are currently revising their standards in response to the financial crisis and as they continue to enhance internationally consistent regulation across the financial services sector. In 2010, the DFSA continued to respond to consultation papers issued by these and other international bodies, and the DFSA continues to serve on several standard-setting committees, contributing to standards development.

## SUPERVISION

### Overview of Supervision

The majority of the DFSA's time and attention is devoted to the Firms we supervise, and at year end, that amounted to: 250 AFs, 52 ASPs and 15 RAs.

### Licensing Activity

Similar to other jurisdictions, the DFSA's Supervision Division conducts a thorough analysis of new licence applications. The licensing process embodies a multi-tiered review process that ensures proper screening and checks and balances in decision-making. The competence, integrity, financial resources and track record of proposed controlling owners, the Board and Executive occurs through comprehensive background checks. Applicants' proposed business plans, strategies and financial projections are subject to critical review to determine that the overall risk posed is acceptable.

We have heightened our due diligence in relation to business viability, financial projections and competence and capability of the senior management. This enhanced due diligence means that at times we have taken longer to process applications. However, our paramount aim is to make the right regulatory decisions for the long-term interests of the DIFC and its regulated community. The mix of applicants in 2010 shows an increase from the insurance and asset management sectors, and continuing interest from firms based in major financial centres, as well as the MENA region, India and Turkey.

The DFSA licensed 39 AFs and registered 4 ASPs (43 in total) in 2010, 7 of which were Representative Offices under the new Representative Office framework. The number of licenses granted were below activity in previous years but consistent with the global economy, and we expect a turnaround in 2011. Positively, we continue to see an increase in the number of Firms expanding their existing operations in the DIFC, indicating their demonstrated success in the Centre and their confidence in its future. These Firms are seeking to broaden the scope and deepen the activities they undertake.

The revised and enhanced application forms introduced in 2009 are now embedded in practice and are aligned to the DFSA risk tolerance. These forms have been well received by applicants and their advisers.

### Supervision Methodology

The DFSA is a risk-based regulator. We primarily use periodic on-site reviews as our gauge for a Firm's risk profile. These on-site reviews are conducted by experienced financial supervisors, who are provided with on-going training and development opportunities to ensure awareness of global trends and product innovations. The on-site reviews are augmented by interim management discussions and desk-based reviews of activity and financial performance indicators. The frequency and scope

## SUPERVISION (CONTINUED)

of risk assessment and validation are dependent upon the potential impact of the Firm's activities in the DIFC and the probability of potential risks to the DFSA's objectives.

The Supervision Division looks closely at the governance structures used at each Firm, its financial performance, its conduct of business with clients, markets and various regulatory bodies, and how well the Firm complies with AML and Combating the Financing of Terrorism (CFT) laws, rules and global best practices. On-site activity encompasses a review of Firm records, interviews with a Firm's management and staff, and a degree of transaction and record-keeping testing. The scope of the review is determined by factors such as a Firm's size and complexity, product offerings, client base, business model and track record with the DFSA. The results of our on-site inspections are discussed with management and, after a secondary quality control review, are communicated in writing to the Firm's executives and Board, and any other appropriate oversight body. The vast majority of inspections reflect satisfactory practices and conditions.

Occasionally, we encounter practices or conditions that evidence elevated risk and more significant supervisory concerns. The relative severity of the situation and the Firm management's willingness and ability to remedy matters of concern inform our supervisory response. Typically, Firms posing elevated risk and/or supervisory concerns agree to a risk mitigation programme with the DFSA in which they commit to undertake specific remedial actions by specified dates.

For Firms that pose more severe concerns, a more immediate corrective programme may be imposed. The DFSA has a range of powers to mitigate unsatisfactory practices or conditions, including restricting business, mandating specific corrective actions and, ultimately, revocation of the license.

During 2010, the Supervision Division conducted 124 on-site risk assessments of AFs, 15 assessments of ASPs and 17 assessments of RAs.

The DFSA's role with Auditors is enhanced to include collaboration with the Institute of Chartered Accountants in England and Wales (ICAEW), in addition to an AML/CFT analysis.

### Thematic Reviews

Our on-site assessment of individual Firms is supplemented by a programme of thematic reviews, which provide a more horizontal view of risks that might impact a larger number of Firms. During 2010, more than 40 Firms were included in a variety of thematic reviews, covering the following areas: Client Assets and Fraud, Corporate Governance and AML/CFT with Politically Exposed Persons.

## SUPERVISION (CONTINUED)

The outcomes of a thematic review may include industry wide communication through publication of a 'Dear SEO' letter that describes observed good and poor practices, further supervisory action or a referral to the DFSA's Enforcement Division to investigate grounds for formal sanctions.

### Continuous Improvement in Supervisory Processes

We are committed to continuous improvements in ensuring the effectiveness and efficiency of our supervisory processes. In that regard, we implemented the following changes in 2010:

- An expanded use of our Annual Controls Questionnaire to include Category 3 Firms. The questionnaire asks for a self evaluation of aspects of management and control within Category 3 and 4 Firms that the DFSA views as critical. The questionnaire has proved worthwhile in assisting a Firm to identify actions that it may need to take to meet regulatory requirements and assists the DFSA in prioritising on-site risk assessments;
- A periodic use of highly-focused transaction testing visits to provide enhanced intensity supervision for specific Firms;
- A programme of shared supervisory visits with the SCA where there are links between Firms that we both regulate;
- An increase in focus on changes of control given the ongoing financial sector weaknesses globally; and
- An enhanced focus on beneficial owners and in consolidated supervision of financial groups both downstream and, increasingly, upstream.

### International Regulatory Relationships and Co-operation

Although the DIFC is a specialised legal jurisdiction within the Emirate of Dubai, we strongly believe collaboration and co-operation with other regulatory bodies in the UAE is of utmost importance. These bodies include: the Central Bank of the UAE (CBUAE) and its Anti-Money Laundering Suspicious Cases Unit (AMLSCU), the SCA, the Insurance Commission and various other entities.

Through a wide set of MoUs, the DFSA Supervision Division also communicates and co-operates with many regulatory bodies across the globe. Together with the CBUAE and the SCA we have formed a working group to address pertinent issues in financial regulation in the UAE.

Many entities licensed by the DFSA are branches or affiliates of entities licensed by a home country regulator in another jurisdiction. The DFSA, as host regulator, has effective information-sharing protocols in place to reduce the likelihood that there are gaps in the supervision of these entities. This ensures that the home country regulator has a comprehensive picture of enterprise-wide risk.

Under international protocols, the regulators of the world's larger financial groups have established "Supervisory Colleges" to facilitate regulatory information sharing.

## SUPERVISION (CONTINUED)

Under these arrangements, the home country supervisor, as the lead regulator, holds periodic meetings at which home and host regulators share relevant information. The DFSA is an active participant in various Supervisory Colleges for large global players that have a DFSA-licensed entity. The DFSA places significant emphasis on being able to achieve an active and close relationship with home state regulators. In turn, our work can act as an early warning system for home state regulators, alerting them to wider regulatory issues such as group financial weakness.

The financial crisis has clearly taught the financial sector regulatory community that finance is a highly globalised industry and must be managed and supervised as such. The Division continues to provide active practical support for policy changes and responses to surveys and initiatives from IOSCO, IAIS, the Basel Committee, FATF, AAOIFI and the IFSB, in conjunction with either our Policy and Legal Services Division or our International Relations Department.

### Industry Outreach

The DFSA strongly believes in continuous engagement with the financial sector through venues other than specific risk assessments. The Supervision Division continues to focus on engaging with stakeholders through various initiatives including outreach sessions and external presentations. During 2010, the Supervision Division delivered presentations covering a wide range of issues, including: AML/CFT, Islamic finance, global accounting and auditing standards, corporate governance, operational risk and regulatory reform updates. The Supervision Division also hosted two events specifically for the Compliance Officers Network Group in 2010. We strongly believe that engagement with our AFs, outside of a normal risk assessment process, is an integral part of our communication strategy.

In addition to the events described above that targeted AFs, the DFSA conducted an outreach session for its RAs on 18 February 2010. The purpose of the session was to apprise RAs of the general findings from the DFSA's supervisory reviews of RAs in 2009 and also to identify areas to be covered for the upcoming 2010 supervisory reviews. Also during 2010, the DFSA hosted two joint breakfast briefing sessions with the ICAEW. The purpose of the sessions was to promote awareness and discussion on current issues facing the auditing profession. The sessions comprised a moderator and five panelists from the DFSA, ICAEW, other UAE regulators, the profession and industry. At the March session, the topic was 'The role of audit monitoring in improving the quality of, and confidence in, financial information in the Middle East', whereas the September session's topic was 'The future of audits'.

### AML, CFT and UN Sanctions

The UAE Penal Code and other Federal criminal laws apply in the DIFC, including Federal Law No 4 of 2002 (Criminalisation of Money Laundering) and Federal Law No 1 of 2004 (Counter Terrorism Law). The DFSA is actively engaged in fostering a culture of AML/CFT compliance by regulated entities within the DIFC.

The DFSA has ensured that its AML/CFT regulatory regime is in line with the international standards set by FATF. The initial vetting of all applicants and the ongoing supervision of AML/CFT compliance remain high on the DFSA's agenda. Assessing the effectiveness of AML/CFT controls established and maintained by Firms forms a vital component of the ongoing risk assessment process. We test the systems and controls of regulated entities in relation to AML/CFT, with particular emphasis on Know Your Customer and Suspicious Transaction Reporting (STR) processes. In 2010, 36 STRs (28 in 2009) were filed by regulated entities with the AMLSCU.

AML/CFT awareness throughout the DIFC is actively supported by the DFSA. Internal training sessions and updates with DFSA staff were conducted on a continuous basis throughout the year, including through required reading materials and open discussions of practices in bi-weekly team meetings. This information was then delivered to the regulated entities through our relationship management process. The DFSA encourages and supports staff members to obtain recognised certificates as AML specialists.

As part of its AML/CFT regime, the DFSA is also reviewing the level of compliance with relevant UN Security Council Resolutions. All DFSA regulated entities are required to check and monitor whether they maintain any accounts or otherwise hold any funds, other financial assets, economic benefits and economic resources for individuals named in the relevant UN Sanctions Lists. Sanctions compliance has clearly grown in its complexity and intensity over the past several years.

## MARKETS

### Policy Initiatives

During 2010, the Markets Division provided feedback on proposed policy changes which were under consideration by NASDAQ Dubai for inclusion in its Listing Rules and is currently in the process of completing its review of the Offered Securities Rules. This review was designed to update those Rules to recognise regulatory developments in peer jurisdictions and enhance the regulatory framework applicable to the issue of securities and the ongoing obligations of Reporting Entities.

The Division engaged with NASDAQ Dubai and DME regarding the recognition of new members from jurisdictions outside of the DIFC.

### Exchange Supervision

A risk review of the outsourcing of trading, clearing and settlement of NASDAQ Dubai equities to the DFM was completed in July 2010, in co-operation with the CBUAE and the SCA. The outsourcing of these functions was preceded by the agreement to purchase NASDAQ Dubai by DFM. To date, DFM has acquired 66.67% of NASDAQ Dubai, with the remainder to be transferred from Borse Dubai at a later date. NASDAQ Dubai continues to operate its structured products, derivatives and exchange traded commodities on its existing platform. NASDAQ Dubai continues to be regulated by the DFSA, and DFM by the SCA.

## MARKETS (CONTINUED)/ENFORCEMENT

The DFSA also approved changes to the DME Rulebook regarding DME's market misconduct provisions, specifically wash trading rules. Record open interest was established on 30 September 2010 with 21,797 contracts, or the equivalent of almost 22 million barrels of crude oil.

### Reporting Entity Supervision

The Markets Division also continued to monitor the disclosures of Reporting Entities (primarily equity and debt) and actively engaged with them to ensure appropriate disclosures were made. To date, there are 36 Reporting Entities (a slight reduction from 37 last year). Those entities which have listed equity securities are based in Australia (1), US (3), Switzerland (1), South Africa (1), Bahrain (1), Jordan (1), Cayman Islands (1) and India (1). One Reporting Entity delisted from NASDAQ Dubai.

### Recognised Bodies and Recognised Members

The Markets Division recognised 7 applications from Firms seeking membership on NASDAQ Dubai, including 2 further Recognised Members located within the UAE. The Division also recognised 2 applications from a Firm seeking membership on the DME.

Market conditions resulted in some reorganisation of the corporate structures and withdrawal of recognition by some participants so that there are now 28 Recognised Members on NASDAQ Dubai and 62 Recognised Members on DME, representing an increase of 4 and a reduction of 3, respectively.

### Regulatory Relationships

The Markets Division continued to develop closer links with international and UAE regulatory agencies. The Division contributed to IOSCO working groups and a reconvened IOSCO Taskforce on commodities derivatives.

## ENFORCEMENT

Enhancing corporate governance standards remained a challenge for all regulatory agencies in 2010, and the DFSA demonstrated its commitment to improve those standards through its willingness to take robust enforcement action when necessary. This is evidenced by the character and number of investigations conducted by the Enforcement Division during 2010.

### Damas International Limited (DIL)

The most overt of its enforcement actions during 2010 was that taken against DIL, its Board and majority shareholders.

The DFSA initiated investigations in relation to DIL following disclosures that DIL made to the market. The DFSA's investigation found that DIL and its Board of Directors had breached several provisions of DFSA administered Laws and Rules relating to corporate governance and Directors' duties. They did so by allowing some Directors

## ENFORCEMENT

to engage in a practice of using DIL's funds for their personal use and for the use of private companies. The DFSA accepted EUs resulting in obligations to repay monies to DIL, a complete review of and enhancements to DIL's corporate governance and removal of the Board and appointment of a new Board. The EUs also included the imposition of financial penalties.

The governance of Firms within the DIFC remained at the forefront of the DFSA's regulatory remit. The action taken by the DFSA served as a reminder to local and regional Boards that they must discharge their obligations in accordance with the Laws and Rules and act in the best interests of the company and its shareholders.

### Assisting Other Divisions

Normally, the Supervision and Markets Divisions first detect wrongdoing within Firms regulated by the DFSA. The Enforcement Division is responsive to the needs of these Divisions and provides its expertise and resources to remedy or mitigate the risk of wrongdoing before the conduct is escalated into an enforcement issue.

The Supervision Division made 13 referrals to the Enforcement Division during the period. 8 referrals resulted in investigations.

### Investigations Commenced

The DFSA commenced 9 investigations in 2010. There was an increase in the number of investigations relating to market conduct concerning trading on NASDAQ Dubai.

INVESTIGATIONS	NUMBER
Investigations ongoing from 2009 into 2010	4
Investigations commenced in 2010	9
Investigations concluded in 2010	7
Investigations still underway at the end of 2010	6

The DFSA investigations commenced in 2010 covered a range of alleged misconduct, including:

- Breaches by Directors of their duties to companies and shareholders;
- Providing unlicensed financial services in the DIFC;
- Insider trading and market manipulation;
- Breaches of licence conditions;
- Failing to establish and maintain proper systems and controls; and
- Providing false and misleading information to the DFSA.

### International Assistance

The DFSA continued to liaise with, and provide enforcement related assistance to, both regional and international regulatory agencies. They included:

- Australian Securities and Investments Commission (ASIC);
- Capital Market Authority of Saudi Arabia;

## ENFORCEMENT (CONTINUED)

- Federal Public Defender of the US;
- UK Financial Services Authority (FSA);
- Financial Services Commission of Jamaica;
- Fiscal Investigation and Research Department of the Netherlands;
- Guernsey Financial Services Commission;
- Netherlands Authority for the Financial Markets (AFM);
- Polish Financial Supervision Authority;
- Qatar Financial Centre Regulatory Authority (QFC Regulatory Authority);
- Hong Kong Securities and Futures Commission (SFC);
- US Commodity Futures Trading Commission (CFTC); and
- US Securities and Exchange Commission (SEC).

The Division received 20 and made 8 requests for assistance from and to other regulatory agencies. The requests were made in accordance with bi-lateral MoUs and the IOSCO MMoU.

During the course of the year, the Division continued its productive relationships with other UAE regulators, CBUAE, the SCA and Dubai Police. In the course of its investigations and other activities the Division conducted 8 joint information-gathering activities with these regulators in 2010.

### Complaints and Consumer Alerts

Consumer complaints are a critical source of information in an effective regulatory framework.

The DFSA's complaints e-portal, launched in 2008, enables consumers of financial products and services to make online complaints to the DFSA. For more information about submitting complaints to the DFSA, please visit [www.dfsa.ae](http://www.dfsa.ae)

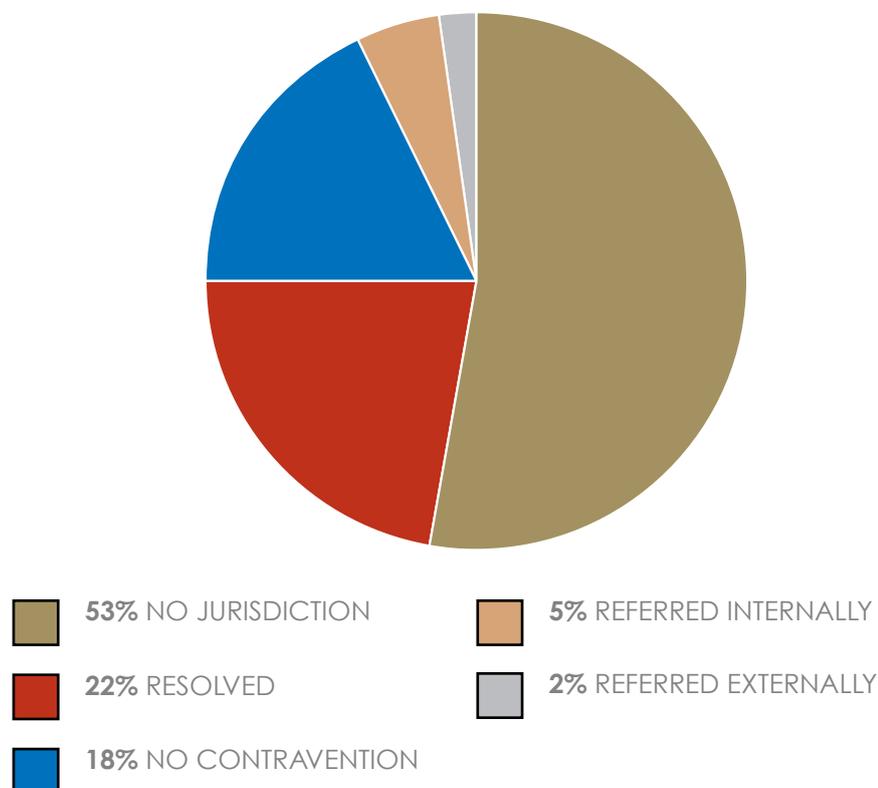
The DFSA received and responded to 64 complaints in 2010. The information provided through the e-portal is captured and tracked on a confidential database which allows the DFSA to analyse and monitor trends and identify potential risks to the DIFC and investors.

In circumstances where the complaint relates to conduct that is outside the DFSA's jurisdiction, then the DFSA refers these complaints to the appropriate regulator for action. The DFSA has made several referrals to the Dubai Police, Dubai Prosecutor's Office and the SCA.

The DFSA published 3 consumer alerts in 2010, alerting consumers and the financial services community to financial scams. The DFSA also published information on its website that will assist consumers to detect a scam.

### Complaints Finalised in 2010 (As at 1 December 2010)

The chart below depicts how the DFSA resolved the complaints it received in 2010.



### Outreach

The Enforcement Division participated in the delivery of training programmes sponsored by IOSCO in Turkey, Taiwan and Spain. The Division also extended its outreach programme to a number of key regional and international organisations including the:

- Autorité des marchés financiers of Quebec;
- Emirates Securities and Commodities Authority (SCA);
- Nigeria Securities and Exchange Commission; and
- US Securities and Exchange Commission (SEC).

In September 2010, the Division conducted the first of four outreach programmes on the DFSA's Powers and Remedies to compliance officers in the DIFC. The next 3 are due to be delivered in February, May and September 2011.

## THE OFFICE OF GENERAL COUNSEL

During 2010, the Office of General Counsel focused on providing timely and high quality advice and support to the Board of Directors, its Committees and the Executive in a challenging economic and regulatory environment. The Office committed effort to reviewing the legislation applicable to the DFSA at Federal and Emirati levels, with contributions to potential legislative reform. The Office also reinforced the importance of compliance with the DFSA's Code of Values and Ethics through conducting bi-annual mandatory awareness sessions for employees, and

through administering the online portal for receiving and dealing with stakeholder complaints against the DFSA and its employees.

## INTERNATIONAL RELATIONS

Co-operation and information sharing with fellow regulators remains critical in the current environment for an international centre such as the DIFC. The DFSA continues to build upon its network of 52 bi-lateral MoUs and 4 multi-lateral MoUs (MMoUs), which cumulatively now stand at 97 (taking into account the multiplicity of arrangements under the MMoUs).

In terms of wider international initiatives, the DFSA signed two MMoUs during 2010. In September, the DFSA joined the AOSSG and adopted its endorsement and promotion of IFRS by becoming the 25th signatory to its MMoU. In October, the DFSA became the 13th signatory to the IAIS MMoU, the insurance standard-setters' framework for co-operation and exchange of information between supervisors to facilitate effective oversight of insurance and reinsurance companies which are active in more than one jurisdiction. In becoming a signatory, the DFSA has satisfied the highest level of co-operation standards that exist between international insurance supervisors, following a rigorous assessment of its legislative and regulatory regime by specialist reviewers.

During 2010, the DFSA issued its Policy Statement 1/2010 on Confidential Regulatory Information, replacing Policy Statement 1/2005. This was prompted by the DFSA's application to become a signatory to the IAIS MMoU.

The DFSA is a signatory to four MMoUs, the other two being the IOSCO MMoU and the Boca Declaration (The Declaration on Co-operation and Supervision of International Futures Markets and Clearing Organisations).

A continued increase in activity by AFs in the DIFC, and by individuals and entities with links to the DIFC has meant a corresponding increase in requests for assistance to and from fellow regulators. Consistent with its legal responsibilities and its commitments through MoUs, the DFSA has responded to more than 40 requests for regulatory information.

Reflecting the desire of the DFSA to be a thought leader, it has continued to support the work and objectives of international standard-setting bodies. The DFSA is represented on IOSCO's Implementation Taskforce, which is drafting a methodology for assessing eight new principles for securities regulation relating to systemic risk, hedge funds and credit rating agencies as well as revising existing ones. The DFSA is also active in the IAIS (its Technical Committee and Governance and Compliance Subcommittee). In the area of Islamic finance, the DFSA attended meetings of AAOIFI and participated in key work of the IFSB.

## INTERNATIONAL RELATIONS (CONTINUED)

In relation to audit oversight, the DFSA is a member of IFIAR, while the Chief Executive is a member of Consultative Advisory Groups of the IAASB and the IESBA. In September, the DFSA joined AOSSG to assist in promoting the adoption of, and convergence with, IFRS by jurisdictions in this extended region. Reflecting areas of particular interest to the DFSA and the expertise of our senior executives, the Deputy Chief Executive is currently chairing an IAIS Working Group to produce Module 2 of the Common Assessment Framework for Internationally Active Insurance Groups. Work on an IAIS guidance paper on supervisory recognition is almost complete. The Managing Director, Markets is a participant in IOSCO's Commodity and Derivatives Taskforce and a newly established Taskforce on Over-the-Counter Derivatives Regulation.

In February, the DFSA hosted a meeting of the BCG, the BCBS' main body for co-operation with a wider group of jurisdictions. Later in February, the DFSA also hosted the 5th IFSB seminar on the regulation of Takaful.

International interest in the DIFC and the DFSA's role in the Centre continued during 2010, and the DFSA welcomed and briefed some 30 visiting foreign delegations.

### MoUs signed in 2010

- Autorité des marchés financiers (France);
- Banco de Portugal (Central Bank of the Republic of Portugal);
- Finanstilsynet (Danish Financial Supervisory Authority);
- New York State Banking Department;
- Office of the Superintendent of Financial Institutions (Canada); and
- Qatar Financial Centre Regulatory Authority (QFC Regulatory Authority).

### MMoUs signed in 2010

- AOSSG; and
- IAIS.

## CORPORATE SERVICES AND OPERATIONS

### Projects and Risk Management

During 2010, a significant portion of the Projects and Risk Management team's resources was devoted to the planning and delivery of the 17th IAIS Annual Conference in Dubai, referred to on page 47. The core project team actively managed costs throughout the project to ensure the event was successfully delivered within budget.

The Department continued the programme of business process reviews in 2010, with process improvement work in the Enforcement and Policy and Legal Services Divisions. As part of its support through continuous improvement, key processes within Supervision and Administration were also revised.

## CORPORATE SERVICES AND OPERATIONS

Demand for Project Management support for cross-divisional projects continued throughout the year. The Department successfully managed the Operational Impact of the new Collective Investment Regime and supported a number of ongoing reviews of key Rule provisions. Projects and Risk Management also collaborated with IT to deliver a number of systems-based projects supporting essential business processes in Supervision, including management information systems, the risk matrix and enhancements to core business systems.

A number of independent Internal Audit reviews were conducted to report on the effectiveness of operations and overall compliance with procedures and controls, including compliance with the DFSA authority matrix and IT security testing.

### Information Technology

During 2010, the IT Department continued to improve the security, robustness and compliance of all internal and external systems, infrastructure and IT governance framework that have been developed over the last few years. Despite increased system complexity and sophistication, managing and building upon the secure foundation, capabilities and infrastructure established over the last 5 years were achieved.

In 2010, 25 projects and initiatives were successfully implemented, compared to 24 in 2009. In addition, the strategy of adopting a low risk and proactive approach on all systems and processes has ensured that all software and hardware issues are escalated and reported to the relevant team members seamlessly. The IT Department operates on a semi-centralised model with core system knowledge being retained in-house and extensive outsourcing utilised on most larger-scale implementations.

This year, major enhancements to the core regulatory application were delivered, including Risk Analysis and a Management Information System (MIS) functionality. This has ensured that all business requirements from an enterprise-wide perspective were achieved and that the in-house system is now a core part of the regulatory Divisions' activities. The improved system has a full suite of reports available and the MIS ensures that all relevant data and information can be captured, retrieved and analysed as required.

Reliable mobile communications were improved with the successful implementation of a secondary data centre source for the DFSA's secure email via mobile devices. In the event of a disaster or a system switchover, a secondary connection for these devices to function is now available. The devices are also used for internet access when travelling.

## CORPORATE SERVICES AND OPERATIONS (CONTINUED)

IT security was further strengthened with the introduction of much tighter controls on not only the external network and perimeter, but also on the internal network. The Department continued to ensure that it adopts and benchmarks itself against international technology best practices and IT governance standards.

Extensive external and internal network penetration testing was conducted by an independent third party. Such tests are repeated annually and the tests in 2010 were the fourth time for such tests to be performed.

### Office Administration

The Office Administration Department's objective of providing a professional office environment to staff and visitors to the DFSA was successfully achieved throughout the year.

The office premises continued to be maintained internally, and all additional refurbishment and routine maintenance work was carried out on a regular basis so as to ensure safety and improve the quality and functionality of the environment.

The Administration team continued to manage the archival and retrieval process effectively. The offsite archival facilities continued to be utilised by all the Divisions throughout the year, which has considerably increased the number of records stored at the facility.

Further to the recycling measures initiated by DIFCA, the necessary arrangements were made to install recycling bins on the premises. Employees are now aware of the importance of the initiative and are encouraged to recycle.

The safety of all DFSA staff and visitors continued to be a major priority for the DFSA. In 2010, the team ensured regular monitoring and servicing of fire and first aid resources and updating of Business Contingency Planning materials.

### Finance

The Finance Department successfully ensured that the DFSA's financial statements were presented in accordance with the accounting policies set out by the Audit and Risk Committee of the DFSA. The Department has been responsible for budgeting, MIS reporting, fee invoicing, maintaining books of accounts, preparing financial statements, cash and bank management, payroll processing, procurement of goods and services and maintaining the fixed assets register.

The books of accounts and the annual audit for the financial year 2010 were completed within a month from the closure of the financial year. A clean audit report was presented to the Board in February 2011, and the accounts were approved.

In accordance with the requirements of IAIS, an audit of income and expenditure was carried out by our external auditors. The Finance Department maintained

## CORPORATE SERVICES AND OPERATIONS (CONTINUED)

separate general ledgers and bank accounts for this event, which facilitated the auditors' granting of a clean audit report.

During 2010, the annual review of our financial policies, authority matrix and financial processes was carried out. The accounting and payroll systems were updated and customised to improve and enhance their functionalities. These exercises assisted the Finance team in improving the operational efficiencies, reducing the transactions processing time and establishing tighter internal controls.

The Board received regular reports on the financial performance of the DFSA throughout the year. Due to careful financial management, the DFSA has, for the sixth consecutive year, controlled its expenditure within the approved budgets.

### Corporate Communications

Ensuring that the DFSA remains accessible to all its stakeholders at all times and protecting the reputation of the Authority have been the top priority for the team in 2010 and will remain so in 2011.

The Communications Unit changed its reporting line from the Chief Executive's Office to the Chief Operating Officer, in May 2010. In addition, the Unit was also renamed the Corporate Communications Department.

The team was very successful in 2010 in fostering regional and international Arabic and English media relationships. Having direct contact with the media is invaluable to the DFSA in that key messages, facts and figures, as well as regulatory activities, can be communicated in a clear, efficient and transparent way.

2010 was a very productive year in that 17 publications were produced in English and Arabic and 26 media releases were written and distributed in English and Arabic. In addition, 5 invitations for 5 outreach sessions were designed and distributed and the team successfully launched the DFSA Arabic website and managed all communication-related activities for the IAIS event in October. The team manages content for the DFSA intranet and website and all efforts were taken in the year to ensure that it remained topical, up-to-date, relevant and informative. In October 2010, the team took on board the added responsibility of managing the Arabic website pages.

The most important project for the team in 2010 was the development of the Arabic website. This initiative formed part of the Authority's strategy to realise its communication endeavours in Arabic and is a reflection of efforts made to reach a wider audience in the financial services industry. Work on this project began with a benchmarking exercise to understand how fellow regulators in other jurisdictions manage their English and Arabic communication. The Department's major contribution to this project was the translation of the content internally, meeting DFSA standards.

## CORPORATE SERVICES AND OPERATIONS (CONTINUED)

The team's resources throughout 2010 were allocated to the planning of the 17th Annual Conference of the IAIS. The event's corporate requirements were extensive in terms of the amount of communication, marketing, branding and merchandising tasks requiring implementation. The team prepared a detailed communication strategy for the event, incorporating all media engagement. All in all, the team identified and contracted with media partners, designed and placed advertisements, produced a promotional video and wrote brochures, leaflets and a welcome pack. Additionally, the team liaised with regional and international media.

The team significantly assisted the Enforcement Division in 2010. Communication support and assistance are critical to the success of an enforcement outcome from a media and public perspective. In 2010, this was achieved through the production of a communication strategy which identified the best media channels to use in Arabic and English, so as to reach the wider stakeholders of the DFSA. The strategy also took into consideration all internal communication requirements.

At the beginning of 2010, a live television feed was made available to all DFSA executives during business hours. This initiative is an important source of world and local news and information relevant to banking, finance and regulatory matters. This is an additional source to the current 'market intel' which is compiled, edited and distributed by the team across the DFSA on a daily basis.

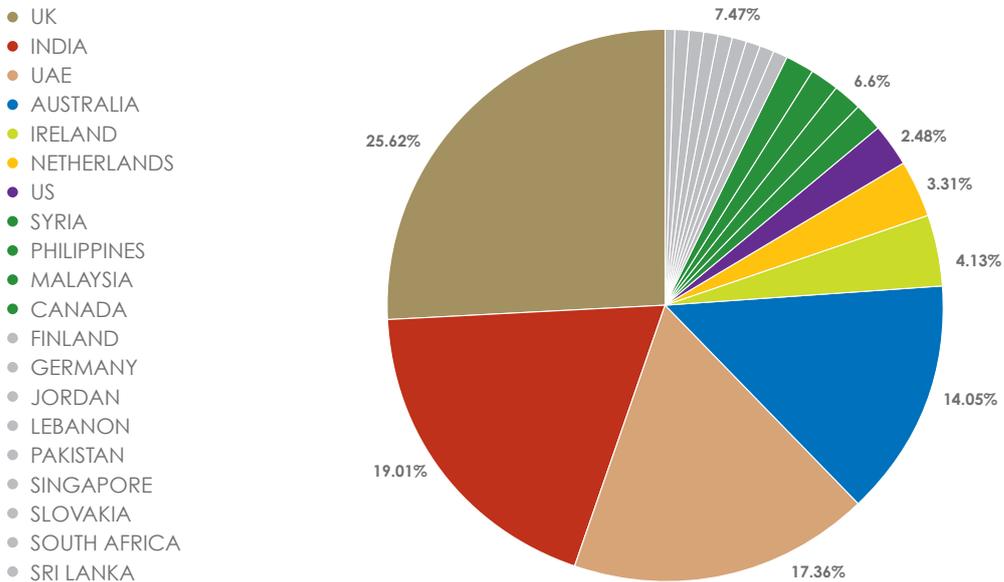
The Department expanded its service offering to the DFSA in 2010 by providing immediate and timely photographic capabilities, including now being able to capture on and offsite significant events and happenings required for our internal and external publications.

The translation of documents and publications is an increasing requirement across all DFSA Divisions. The team was able to provide translation services in an effective and efficient manner at all times in 2010.

Finally, the Department provided support to all regulatory and non-regulatory functions of the DFSA, assisted in the development of key DFSA projects, facilitated media training and maintained active engagement in the promotion and development of the TRL Programme.

## HUMAN RESOURCES DIVISION

Nationality Chart of the DFSA Staff



The major HR initiative in 2010 was the completion of the DFSA's first Employee Engagement Survey, assisted by Towers Watson. The outcome of the survey was that the DFSA ranked well in most categories in comparison to Towers Watson's Global High Performance Companies Norm and with significant strengths in a number of areas, including employee engagement, leadership and supervision, and efficiency and use of resources.

Following the input of focus groups, HR has made a number of improvements to the DFSA's approach to performance assessment and career development. The range of approaches for internal communication has been improved, as well as the frequency. The direct benefits of this level of engagement have been in the continuing low levels of employee turnover and sickness absence and in employee efficiency and effectiveness.

In contrast to many entities during the global financial crisis, HR has continued to emphasise employee development through both a strategic review of development needs and through the Employee Development Needs Analysis. Major programmes during 2010 have included Advanced Financial Analysis Skills and Techniques for Investigative Interviewing, while more specific development needs such as Enforcement and Market Oversight have been addressed through attendance at international conferences and standard-setters meetings.

A key part of the DFSA's Continuing Professional Development has been regular hour-long development sessions, conducted by both in-house and visiting guest speakers on subject matters relevant to banking, finance and financial services regulation. The DFSA ran 19 sessions in 2010 with a notable highlight being an update on Private Equity by a Professor of Investment Banking, Harvard Business School.

## HUMAN RESOURCES (CONTINUED)

Focus on employee retention over several years has led to a further reduction in employee turnover to 7.38% in 2010, from 10.17% in 2009. Significantly, the employee turnover among regulatory staff has fallen from 10.8% to 7.9% in the same period. It is also important to note that none of the employee turnover has been from our 'key to keep' category of employees identified through succession planning. It is worthwhile to note, also, that the current average length of service at the DFSA is 3.75 years.

Over the past two years, HR has revised the performance management scheme to differentiate more between levels of employee performance and associated rewards through our performance bonus scheme.

# 2010 KEY PERFORMANCE STATISTICS

## THE DFSA IN ACTION IN 2010

• Firms Authorised	39
* Islamic Institutions	2
* Firms with an Islamic Window	2
• Individuals Authorised	461
• Ancillary Service Providers Registered	4
• Auditors Registered	0

## POLICY AND LEGAL SERVICES IN 2010

• Consultation Papers (Policy, Laws and Rules) published	8
* % of proposals substantially agreed in consultation	90%
• Laws amended or made	3
• Rule-making instruments made	4
• Waivers and Modifications applications	94
• Waivers and Modifications granted	92

## SUPERVISION IN 2010

• Risk Assessments of Authorised Firms	124
• Risk Assessments of Ancillary Service Providers	20
• Risk Assessments of Registered Auditors	12
• Risk Assessments initiated within timeframe %	88%
* Average processing time (business days)	8.5 Days
• Licence Variations	17
* Average processing time (business days)	12
• Total number of applications received	50
• Applications processed within 50 business days	54%
• Applications in progress	23
• Applications withdrawn	5

## MARKETS IN 2010

• Reporting Entities	30
• No-objection letter issued on NASDAQ Dubai Listing decision	1
• Take-over applications reviewed	1
• Notifications of Securities Offers from the DIFC	0
• Public enquiries	7
• Recognised Member applications approved	9
• Recognised Body applications approved	0
• Disclosure notifications related to Listed entities	1228

## KEY PERFORMANCE STATISTICS (CONTINUED)

### ENFORCEMENT IN 2010

• Complaints received and assessed	64
• Referrals from Supervision/Markets Divisions	13
• Investigations commenced	9
• DIFC Courts applications and orders	1*
• Enforcement Mutual Assistance requests received	20
• Enforcement Mutual Assistance requests made	8

\* Please note that this application was submitted in 2009 and is ongoing.

### INTERNATIONAL RELATIONS IN 2010

• Memoranda of Understanding signed in total	56
* Bi-lateral MoUs signed in total	52
* MMoUs signed in total	4
* Bi-lateral MoUs signed in 2010	8
* MMoUs signed in 2010	2
• Regulatory requests for information and assistance	42
• Visiting foreign delegations received by the DFSA	28

### CORPORATE SERVICES AND OPERATIONS IN 2010

• Statutory accounting and reporting obligations received and published unqualified auditors' report on time	100% compliance
• Financial performance within approved operating budget	100% compliance
• 2010 surplus as % of total expenditure	13.72%
• 2010 surplus as % of total income	12.07%

### HUMAN RESOURCES IN 2010

• Tomorrow's Regulatory Leaders: Graduate intake	5 (5 in 2009)
• Tomorrow's Regulatory Leaders: Scholarships	2 (2 in 2009)
• Number of employees	121 (117 in 2009)
* International	100 (97 in 2009)
* Emirati	21 (20 in 2009)
• Turnover	7.8% (10.17% in 2009)
* Regulators	7.9% (10.8% in 2009)
* Non-regulators	6.8% (9.4% in 2009)



LOOKING FORWARD



## LOOKING FORWARD

In January 2011, the DFSA published its 2011/2012 Business Plan in English and Arabic, which is available for public access on [www.dfsa.ae/Pages/DFSALibrary/DFSAPublications/BusinessPlan.aspx](http://www.dfsa.ae/Pages/DFSALibrary/DFSAPublications/BusinessPlan.aspx)

The plan is based on an assessment of the environment in which we operate in terms of the development of the DIFC, broader economic, regulatory and regional developments, and the Board's appetite for risk. The effects of the financial crisis, both economically and as a stimulus to international regulatory development, have been the main drivers for our planning.

From our analysis, four main themes emerged. They are:

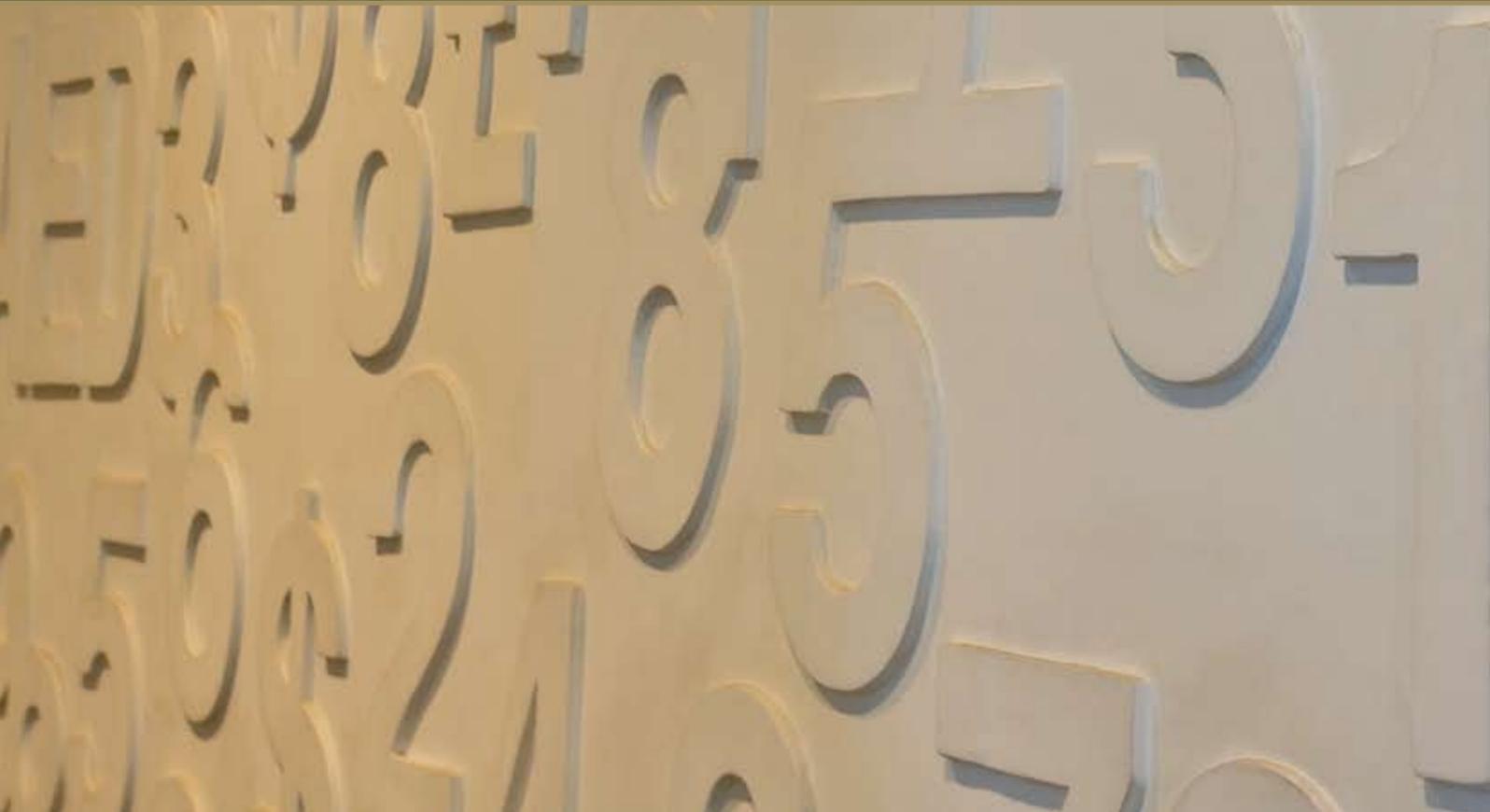
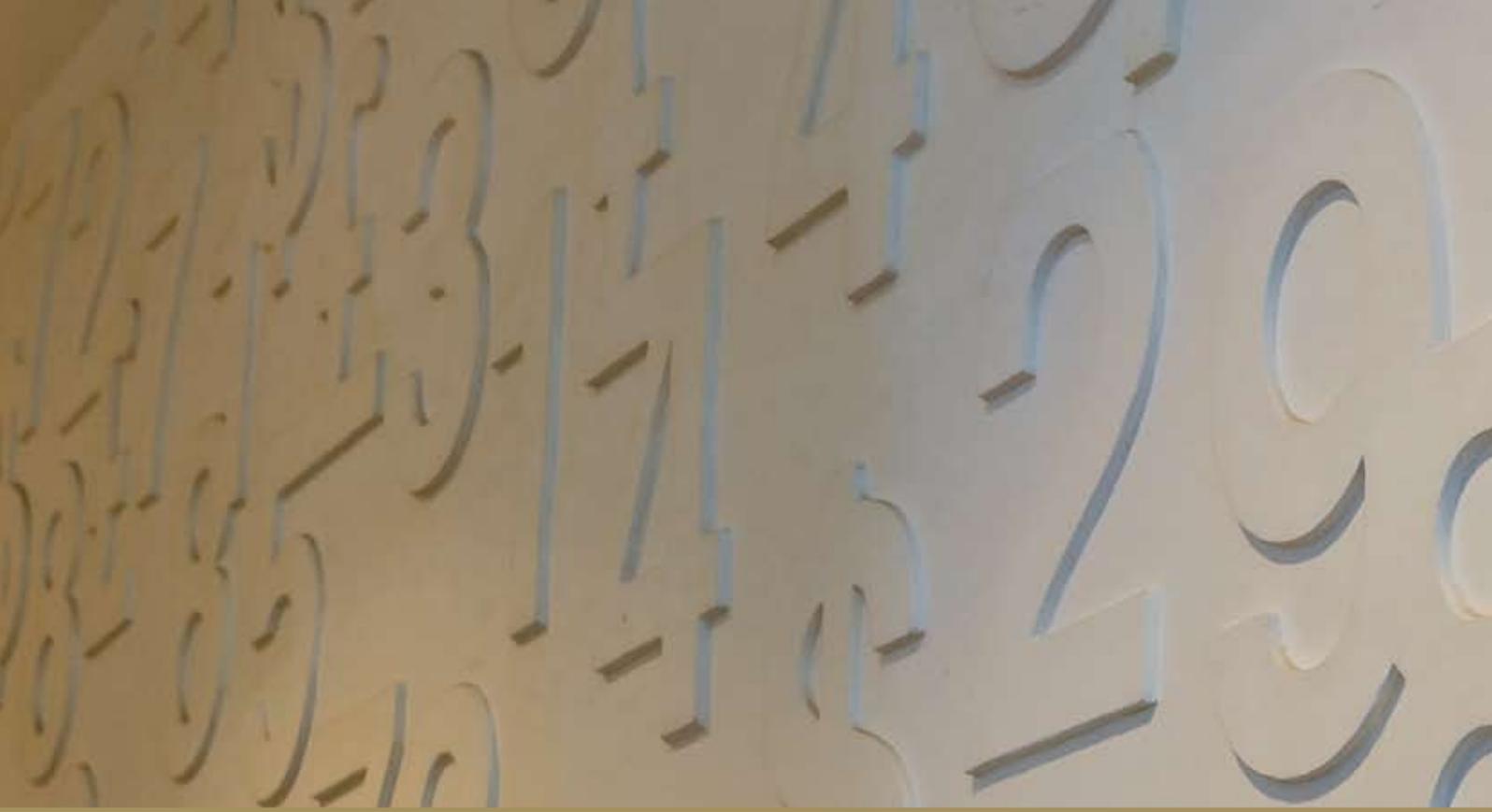
**Quality:** The pursuit of our regulatory objectives in a growing Centre, with the effects of the financial crisis still playing out, will demand high quality in all our regulatory and support functions.

**International Engagement:** The regulatory agenda is now being set at an international level, and the DFSA needs to be engaged with this, both to ensure that standards take proper account of the needs of jurisdictions like our own, and to ensure that we have the expertise to implement the standards as they emerge.

**Collaboration:** It is important that the DFSA collaborate with other regulators, both within and beyond the UAE. In particular, we will need to deepen our relationships with home state regulators in jurisdictions from which a significant number of Firms originate or are expected to do so.

**Anticipation:** We need to be forward-thinking in our regulation and, where we can, lead regulatory thought in the region and beyond. These themes, and their implications for the work of the DFSA, are described in more detail in the Plan. They present us with a challenging agenda in the development of the regulatory regime, in its application, and in relationship building.

We shall report on progress against the Plan in the 2011 Annual Report.





APPENDICES



## APPENDIX 1

### Financial Statements for the year ended 31 December 2010

Independent Auditor's Report	75
Balance Sheet	76
Statement of financial performance	77
Statement of changes in equity	78
Cash flow statement	79
Notes to the financial statements	80 to 87

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DUBAI FINANCIAL SERVICES AUTHORITY

### Report on the Financial Statements

We have audited the accompanying financial statements of Dubai Financial Services Authority ("DFSA") which comprise the balance sheet as at 31 December 2010 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting policies set out on pages 80 to 82 of the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the accompanying financial statements have been prepared in all material respects in accordance with the accounting policies set out on pages 80 to 82 of the financial statements.

### PricewaterhouseCoopers

Dubai, United Arab Emirates

22 February 2011

## APPENDIX 1 (CONTINUED)

## BALANCE SHEET

	Note	31 December			
		2010		2009	
		AED'000	US\$'000	AED'000	US\$'000
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property and equipment	3	3,036	825	4,898	1,334
Intangible assets	4	2,704	737	2,269	619
		5,740	1,562	7,167	1,953
<b>Current Assets</b>					
Prepayments and receivables	5	11,251	3,066	10,244	2,790
Cash and cash equivalents	6	85,646	23,337	61,248	16,689
		96,897	26,403	71,492	19,479
<b>Total Assets</b>		102,637	27,965	78,659	21,432
<b>Equity</b>					
<b>Contributed capital and reserves</b>					
Contributed capital		32,180	8,770	32,180	8,770
Accumulated surplus		27,816	7,574	9,504	2,588
<b>Total Equity</b>		59,996	16,344	41,684	11,358
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Provision for employees' end of service benefits	7	11,658	3,177	9,537	2,599
<b>Current Liabilities</b>					
Fee income received in advance	2.3	25,032	6,821	22,835	6,221
Creditors, accruals and other liabilities	8	5,951	1,623	4,603	1,254
		30,983	8,444	27,438	7,475
<b>Total Liabilities</b>		42,641	11,621	36,975	10,074
<b>Total Equity and Liabilities</b>		102,637	27,965	78,659	21,432

These financial statements were approved for issue by the Board of Directors on 10 February 2011.

## APPENDIX 1 (CONTINUED)

## STATEMENT OF FINANCIAL PERFORMANCE

	Note	Year ended 31 December			
		2010		2009	
		AED'000	US\$'000	AED'000	US\$'000
Appropriations from the Government	2.4	117,440	32,000	117,440	32,000
Fee income	2.3	32,875	8,958	33,798	9,210
Interest and other income		1,283	348	1,771	483
<b>Total Income</b>		151,598	41,306	153,009	41,693
General and administration expenses	9	(120,220)	(32,760)	(123,576)	(33,672)
Board of Directors' expenses	11	(13,066)	(3,560)	(13,466)	(3,671)
<b>Total Expenses</b>		(133,286)	(36,320)	(137,042)	(37,343)
Surplus for the year		18,312	4,986	15,967	4,350

## APPENDIX 1 (CONTINUED)

## STATEMENT OF CHANGES IN EQUITY

	Contributed Capital		Accumulated surplus		Total	
	AED'000	US\$'000	AED'000	US\$'000	AED'000	US\$'000
<b>Year ended 31 December 2009</b>						
At 1 January 2009	32,180	8,770	35,742	9,738	67,922	18,508
Remittance to the Government	-	-	(42,205)	(11,500)	(42,205)	(11,500)
Surplus for the year	-	-	15,967	4,350	15,967	4,350
<b>At 31 December 2009</b>	32,180	8,770	9,504	2,588	41,684	11,358
<b>Year ended 31 December 2010</b>						
At 1 January 2010	32,180	8,770	9,504	2,588	41,684	11,358
Surplus for the year	-	-	18,312	4,986	18,312	4,986
<b>At 31 December 2010</b>	32,180	8,770	27,816	7,574	59,996	16,344

## APPENDIX 1 (CONTINUED)

## CASH FLOW STATEMENT

	Note	Year ended 31 December			
		2010		2009	
		AED'000	US\$'000	AED'000	US\$'000
<b>Operating activities</b>					
Surplus for the year		18,312	4,986	15,967	4,350
Adjustments for the following items:					
Depreciation	3	3,234	881	5,311	1,447
Amortisation	4	1,560	425	1,095	298
Gain on disposal of property and equipment		-	-	(26)	(7)
Provision for employees' end of service benefits	7	3,385	922	3,809	1,038
Interest income		(1,248)	(340)	(1,771)	(483)
<b>Operating cash flows before payment of employees' end of service benefits and movements in working capital</b>		<b>25,243</b>	<b>6,874</b>	<b>24,385</b>	<b>6,643</b>
Payment of employees' end of service benefits	7	(1,264)	(344)	(1,714)	(467)
Changes in working capital:					
Prepayments and receivables net of interest receivables	5	(848)	(233)	627	172
Fee income received in advance		2,197	600	7,668	2,088
Creditors, accruals and other liabilities	8	1,348	369	(4,211)	(1,147)
<b>Net cash provided by operating activities</b>		<b>26,676</b>	<b>7,266</b>	<b>26,755</b>	<b>7,289</b>
<b>Investing activities</b>					
Purchase of property and equipment and intangible assets	3, 4	(3,367)	(915)	(3,111)	(848)
Proceeds from disposal of property and equipment		-	-	55	16
Interest received		1,089	297	2,048	558
<b>Net cash used in investing activities</b>		<b>(2,278)</b>	<b>(618)</b>	<b>(1,008)</b>	<b>(274)</b>
<b>Financing activities</b>					
Remittance to the Government		-	-	(42,205)	(11,500)
Net decrease in funds received in advance from the Government	2.4	-	-	(29,360)	(8,000)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>	<b>(71,565)</b>	<b>(19,500)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>24,398</b>	<b>6,648</b>	<b>(45,818)</b>	<b>(12,485)</b>
Cash and cash equivalents, beginning of the year	6	61,248	16,689	107,066	29,174
<b>Cash and cash equivalents, end of the year</b>	<b>6</b>	<b>85,646</b>	<b>23,337</b>	<b>61,248</b>	<b>16,689</b>

## **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 ("the Government") to enable it to exercise its powers and perform its functions.

## **2 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are as follows:

### **2.1 Basis of Preparation**

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

### **2.2 Foreign currency translation**

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

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

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

### **2.3 Fee income**

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

### **2.4 Funds received from and remitted to the Government**

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

Funds received 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.

## APPENDIX 1 (CONTINUED)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

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.

#### 2.5 Employee benefits

A 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.

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. This provision is included in non-current liabilities. The provision is fully funded with funds specifically set aside and held in a separate bank account.

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

#### 2.6 Fines

Fines levied and collected by the DFSA in connection with the breach of regulations by regulated entities in the DIFC are not considered as income earned by the DFSA in the normal course of business and are, therefore, remitted directly to the Government of Dubai annually, following approval of the financial statements by the Board of Directors of the DFSA.

#### 2.7 Property and equipment

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

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

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

Gains and losses on disposal of property and equipment are determined by comparing the sales proceeds to the carrying amounts of the assets disposed of and are taken into account in determining the surplus/deficit for the year. Repairs

## APPENDIX 1 (CONTINUED)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

and renewals are charged to the statement of financial performance when the expense is incurred.

#### 2.8 Intangible assets

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

#### 2.9 Fees receivable

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

#### 2.10 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, in current accounts with bank and bank call deposits with original maturity of less than three months.

#### 2.11 Provisions

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

APPENDIX 1 (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2010 (CONTINUED)

**3 PROPERTY AND EQUIPMENT**

	Leasehold improvement	Fixtures and fittings	Office equip- ment	Computer equip- ment	Motor vehicles	Capital work in progress	Total
<b>In AED'000</b>							
<b>Cost</b>							
At 1 January 2010	13,687	4,036	1,112	8,623	229	-	27,687
Additions	12	27	33	547	-	2,574	3,193
Transfer to intangible assets (Note 4)	-	-	-	-	-	(1,821)	(1,821)
Disposals/write off	-	(45)	(105)	(80)	-	-	(230)
<b>At 31 December 2010</b>	<b>13,699</b>	<b>4,018</b>	<b>1,040</b>	<b>9,090</b>	<b>229</b>	<b>753</b>	<b>28,829</b>

**Depreciation**

At 1 January 2010	12,061	4,007	964	5,528	229	-	22,789
Charge for the year	1,178	21	105	1,930	-	-	3,234
Disposals/write off	-	(45)	(105)	(80)	-	-	(230)
<b>At 31 December 2010</b>	<b>13,239</b>	<b>3,983</b>	<b>964</b>	<b>7,378</b>	<b>229</b>	<b>-</b>	<b>25,793</b>

**Net book amount**

<b>At 31 December 2010</b>	<b>460</b>	<b>35</b>	<b>76</b>	<b>1,712</b>	<b>-</b>	<b>753</b>	<b>3,036</b>
<b>At 31 December 2009</b>	<b>1,626</b>	<b>29</b>	<b>148</b>	<b>3,095</b>	<b>-</b>	<b>-</b>	<b>4,898</b>

**In US\$'000**

**Cost**

At 1 January 2010	<b>3,730</b>	<b>1,101</b>	<b>303</b>	<b>2,348</b>	<b>62</b>	<b>-</b>	<b>7,544</b>
Additions	3	7	8	149	-	701	868
Transfer from capital work in progress (Note 4)	-	-	-	-	-	(496)	(496)
Disposals/write off	-	(12)	(29)	(20)	-	-	(61)
<b>At 31 December 2010</b>	<b>3,733</b>	<b>1,096</b>	<b>282</b>	<b>2,477</b>	<b>62</b>	<b>205</b>	<b>7,855</b>

**Depreciation**

At 1 January 2010	3,286	1,092	263	1,507	62	-	6,210
Charge for the year	321	6	29	525	-	-	881
Disposals/write off	-	(12)	(29)	(20)	-	-	(61)
<b>At 31 December 2010</b>	<b>3,607</b>	<b>1,086</b>	<b>263</b>	<b>2,012</b>	<b>62</b>	<b>-</b>	<b>7,030</b>

**Net book amount**

<b>At 31 December 2010</b>	<b>126</b>	<b>10</b>	<b>19</b>	<b>465</b>	<b>-</b>	<b>205</b>	<b>825</b>
<b>At 31 December 2009</b>	<b>444</b>	<b>9</b>	<b>40</b>	<b>841</b>	<b>-</b>	<b>-</b>	<b>1,334</b>

## APPENDIX 1 (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2010 (CONTINUED)**4 INTANGIBLE ASSETS**

	2010 AED'000	2010 US\$'000	2009 AED'000	2009 US\$'000
<b>Cost</b>				
At 1 January	6,025	1,642	4,305	1,174
Additions	174	47	-	-
Transfer from capital work in progress (Note 3)	1,821	496	1,719	468
At 31 December	8,020	2,185	6,024	1,642
<b>Amortisation</b>				
At 1 January	3,756	1,023	2,660	725
Amortisation	1,560	425	1,095	298
At 31 December	5,316	1,448	3,755	1,023
<b>Net book amount at 31 December</b>	2,704	737	2,269	619

Intangible assets represent purchased software.

**5 PREPAYMENTS AND RECEIVABLES**

	2010 AED'000	2010 US\$'000	2009 AED'000	2009 US\$'000
Prepayments	10,845	2,955	9,989	2,722
Staff advances	216	59	157	42
Other receivables	190	52	98	26
	11,251	3,066	10,244	2,790

**6 CASH AND CASH EQUIVALENTS**

	2010 AED'000	2010 US\$'000	2009 AED'000	2009 US\$'000
Cash in hand	11	3	9	3
Current account with bank	17,665	4,813	61,239	16,686
Short term fixed deposits	67,970	18,521	-	-
	85,646	23,337	61,248	16,689

All bank balances are held with a bank licensed in the UAE.  
The interest rates on short term fixed deposits were in the range of 1.55% to 2% per annum at 31 December 2010.

APPENDIX 1 (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2010 (CONTINUED)

**7 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS**

	2010	2010	2009	2009
	AED'000	US\$'000	AED'000	US\$'000
At the beginning of the year	9,537	2,599	7,442	2,028
Provision made during the year (see below)	3,385	922	3,809	1,038
Payments during the year	(1,264)	(344)	(1,714)	(467)
At the end of the year	11,658	3,177	9,537	2,599

The provision made during the year is charged as follows:

	2010	2010	2009	2009
	AED'000	US\$'000	AED'000	US\$'000
Staff costs (Note 10)	3,321	905	3,707	1,010
Other board expenses	64	17	102	28
	3,385	922	3,809	1,038

**8 CREDITORS, ACCRUALS AND OTHER LIABILITIES**

	2010	2010	2009	2009
	AED'000	US\$'000	AED'000	US\$'000
Trade creditors	1,235	337	1,596	435
Employee related accruals	1,426	389	1,601	436
Other accruals	1,768	482	1,274	347
Amount payable to the Government of Dubai (i)	1,522	415	132	36
	5,951	1,623	4,603	1,254

(i) The amount payable to the Government of Dubai represents fines levied and collected by the DFSA in connection with the breach of regulations by regulated entities in the DIFC.

## APPENDIX 1 (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2010 (CONTINUED)**9 GENERAL AND ADMINISTRATION EXPENSES**

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	AED'000	US\$'000	AED'000	US\$'000
Staff costs (Note 10)	92,515	25,212	95,603	26,050
Office rent	6,960	1,896	6,960	1,896
Depreciation (Note 3)	3,234	881	5,311	1,447
Training, conferences and seminars	3,189	869	3,540	964
Communication costs	3,039	828	2,962	807
Recruitment costs	1,460	398	1,673	457
Legal, consultancy and professional fees	2,881	785	1,362	371
Amortisation (Note 4)	1,560	425	1,095	298
Marketing expenses	969	264	797	217
Exchange gain	(65)	(18)	(259)	(71)
Vehicle maintenance	261	71	260	71
Finance cost	34	9	47	13
Gain on disposal/write off property and equipment	-	-	(26)	(7)
Other expenses	4,183	1,140	4,251	1,159
	120,220	32,760	123,576	33,672

**10 STAFF COSTS**

Salaries	53,100	14,472	54,473	14,843
Other benefits	36,094	9,835	37,423	10,197
Employees' end of service benefits (Note 7)	3,321	905	3,707	1,010
	92,515	25,212	95,603	26,050

**11 BOARD OF DIRECTORS' EXPENSES**

Retainer fees	5,147	1,402	5,155	1,405
Attendance fees	3,024	824	2,917	795
Travelling	1,861	507	2,098	572
Others	3,034	827	3,296	899
	13,066	3,560	13,466	3,671

APPENDIX 1 (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2010 (CONTINUED)

**12 OPERATING LEASE COMMITMENTS**

The lease commitments under non-cancellable operating leases are as follows:

	2010 AED'000	2010 US\$'000	2009 AED'000	2009 US\$'000
Not later than 1 year	-	-	6,960	1,896

## APPENDIX 2

### 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 December 31, 2010 and December 31, 2009 by the Board and Senior Officers of the DFSA.

#### Remuneration of the Chairman and Non-Executive Board Members:

Remuneration bands	2010 Board Members	2009 Board Members
Amounts in USD		
\$100,001 to \$150,000	0	1
\$150,001 to \$200,000	9	8
\$200,001 to \$250,000	2	2
> \$250,001	1	1
	12	12
	2010(\$)	2009(\$)

The aggregate amount of total remuneration of non-Executive Board Members shown above:

	2,422,649	2,363,741
--	-----------	-----------

#### 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 2010 were US\$ 87,347 (Chairman US\$ 275,000). Board meeting attendance fees were US\$ 6,353 per meeting (Chairman US\$ 12,650).
- (3) Committee membership fees during 2010 were US\$ 6,353 per Committee (Committee Chairman fee US\$ 12,705). Committee meeting attendance fees were US\$ 2,541 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) The total remuneration includes payments amounting to US\$ 18,241 paid to one of the Board Members for professional services rendered during the year.

APPENDIX 2 (CONTINUED)

**Remuneration of the Chief Executive and Senior Officers:**

Remuneration bands	2010 Executives	2009 Executives
Amounts in USD		
\$10,001 to \$100,000	1	0
\$300,001 to \$400,000	2	1
\$400,001 to \$800,000	13	16
> \$800,000	1	1
	17	18
	2010	2009
	\$	\$
The aggregate amount of total remuneration of Executives shown above:		
	9,261,048	10,639,817
Executives remuneration included in the above comprised:		
	2010	2009
	\$	\$
Salaries and Performance Bonuses	6,835,613	7,825,372
Other emoluments and benefits	2,425,435	2,814,445

**Notes:**

- (1) Salaries and bonuses are pro-rated based on actual duration of service during the year.
- (2) Other emoluments and benefits include housing allowance, flight allowance, education allowance, premium paid for medical and life insurance and end of service accrual for the year 2010.

## APPENDIX 3

### **AUTHORISED FIRMS LICENSED IN 2010**

ABN AMRO Bank NV  
ACE Insurance Management (DIFC) Limited  
Aditya Birla Sun Life Asset Management Company Limited  
Al Masah Capital Management Limited  
Arabia-Asia Capital Alliance Ltd  
Baring Asset Management Limited  
Carlyle MENA Investment Advisors Limited  
CB Richard Ellis Investors Middle East Limited  
Dar Al Istithmar Limited  
Dunamis Capital (Dubai) Limited  
Emirates REIT Management (Private) Limited  
Exotix Limited  
Fius Capital Ltd  
Gottex Fund Management Sàrl  
HSBC EXFIN Partnership  
IIFL Private Wealth Management (Dubai) Limited  
Kotak Mahindra Financial Services Limited  
LOCKTON (MENA) LIMITED  
MDC (RE) Insurance Limited  
Menasa Capital Management Limited  
Mercer Financial Services Middle East Limited  
Mint Equities Limited  
MNW Middle East Limited (formerly known as Wallich & Matthes Middle East Limited)  
Moelis & Company LLC  
Munich RE Underwriting Agents DIFC Limited  
Oryx Capital Limited  
Partners Group (UK) Ltd  
R E Lee International (Middle East) Limited  
RBC Dexia Investor Services Trust  
Religare Capital Markets Plc  
Royal Shield Ltd  
Skandia International (Middle East) Limited  
T Rowe Price Global Investment Services Limited  
The Blackstone Group International Limited  
The Blackstone Group International Partners LLP  
Threadneedle Portfolio Services Hong Kong Limited  
Univest Capital Limited  
Visionary Underwriting Agency Limited  
Vistra (Luxembourg) S.a.r.l.

*Refer to the DFSA website for the full public register of all Authorised Firms.*

## APPENDIX 4

### **ANCILLARY SERVICE PROVIDERS REGISTERED IN 2010**

Bennett Jones (Middle East) LLP

Cotty Vivant Marchisio & Lauzeral

Emirates Advocates & Legal Consultants LLP

Lufi, Harjeet & Nikpour, Advocates & Legal Consultants LLP

*Refer to the DFSA website for the full public register of all Ancillary Service Providers.*

## APPENDIX 5

### MEMBERS OF AUTHORISED MARKET INSTITUTIONS RECOGNISED IN 2010

Abu Dhabi Financial Services Company LLC	NASDAQ Dubai
Al Dhabi Brokerage LLC	NASDAQ Dubai
Arqaam Securities LLC	NASDAQ Dubai
EFG Hermes UAE LLC	NASDAQ Dubai
Index Securities LLC	NASDAQ Dubai
Naeem Shares & Bonds	NASDAQ Dubai
Phibro Trading LLC	DME
RJ O'Brien & Associates LLC	DME
Shuaa Securities LLC	NASDAQ Dubai

*Refer to the DFSA website for the full public register of all Authorised Market Institutions.*

## APPENDIX 6

### MEMORANDA OF UNDERSTANDING SIGNED IN 2010

#### MULTI-LATERAL MoUs

AOSSG

IAIS

#### BI-LATERAL MoUs

Canada Office of the Superintendent of Financial Institutions

Denmark Finanstilsynet

France Autorité des marchés financiers

Portugal Banco de Portugal

Qatar Qatar Financial Centre Regulatory Authority

US New York State Banking Department

*Refer to the DFSA website for a full list of all MoUs signed by the DFSA.*

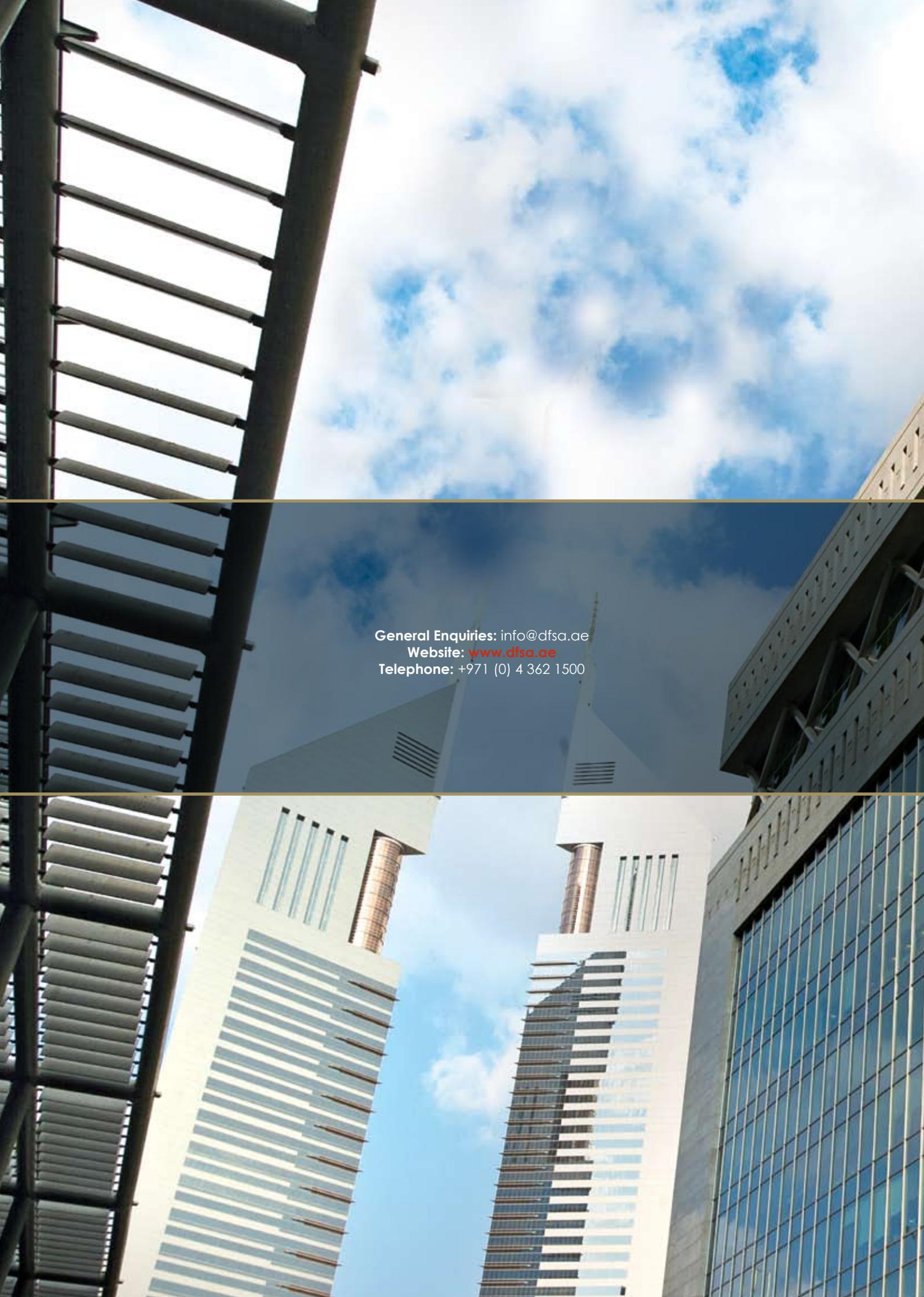
## APPENDIX 7

### GLOSSARY

Accounting and Auditing Organisation for Islamic Financial Institutions	AAOIFI
Autoriteit Financiële Markten	AFM
Authorised Firms	AFs
Authorised Market Institution	AMI
Anti-Money Laundering	AML
Anti-Money Laundering Suspicious Cases Unit	AMLSCU
Asian-Oceanian Standard-Setters Group	AOSSG
Ancillary Service Providers	ASPs
Australian Securities and Investments Commission	ASIC
Basel Committee for Banking Supervision	BCBS
Basel Consultative Group	BCG
Bank for International Settlements	BIS
Combating the Financing of Terrorism	CFT
Dubai Financial Services Authority	DFSA
Dubai Financial Market	DFM
Dubai International Financial Centre	DIFC
Dubai International Financial Centre Authority	DIFCA
Damas International Limited	DIL
Dubai Mercantile Exchange	DME
Dubai Transport Company LLC	DUTCO
Emirates Bank International	EBI
Emirates Securities and Commodities Authority	SCA
Enforceable Undertakings	EUs
Financial Action Task Force	FATF
Federal Deposit Insurance Corporation	FDIC
Financial Markets Tribunal	FMT
Financial Services Volunteer Corps	FSVC
Gulf Co-operation Council	GCC
Human Resources	HR
International Accounting Standards Board	IASB
International Association of Insurance Supervisors	IAIS
International Auditing and Assurance Standards Board	IAASB
International Centre for Settlement Investment Disputes	ICSID
International Ethics Standards Board for Accountants	IESBA
International Forum of Independent Audit Regulators	IFIAR
International Financial Reporting Standards	IFRS
Institute of Chartered Accountants in England and Wales	ICAEW
Institute of Directors	IOD
Islamic Financial Services Board	IFSB
International Organisation of Securities Commissions	IOSCO
Information Technology	IT
Legislative Committee	LegCo

## APPENDIX 7 (CONTINUED)

Management Information System	MIS
Memoranda of Understanding	MoUs
Multi-lateral Memoranda of Understanding	MMoUs
National Bank of Dubai	NBD
Organisation for Economic Co-operation and Development	OECD
PricewaterhouseCoopers	PwC
Qatar Financial Centre Regulatory Authority	QFC Regulatory Authority
Registered Auditors	RAs
Regulatory Appeals Committee	RAC
Remuneration Committee	RemCo
Securities and Exchange Commission	SEC
Securities and Futures Commission	SFC
Suspicious Transaction Reporting	STRs
The Central Bank of the United Arab Emirates	CBUAE
Tomorrow's Regulatory Leaders	TRL
UK Financial Services Authority	FSA
United Arab Emirates	UAE
UN International Trade Law Commission	UNITRAL
United Kingdom	UK
United States	US
US Commodity Futures Trading Commission	CFTC



General Enquiries: [info@dfs.ae](mailto:info@dfs.ae)  
Website: [www.dfs.ae](http://www.dfs.ae)  
Telephone: +971 (0) 4 362 1500