



Applying for DFSA Authorisation

**A guide for firms seeking authorisation as an
Authorised Firm**

Risk-based regulation

The DFSA is committed to a risk-based regulatory approach and to avoid unnecessary regulatory burden.

How we assess applications

Before the DFSA can authorise a firm we need to be satisfied that it meets our *Fit and Proper* test and it is likely to be able to do so on an ongoing basis. Generally, *Fit and Proper* means the ability to carry out a Financial Service competently, with honesty and integrity.

GEN Chapter 7 of the DFSA Rulebook outlines the authorisation requirements for applicants including the requirement to satisfy the DFSA that it is fit and proper to hold a Licence. The Regulatory Policy and Process Module, of the DFSA Sourcebook, provides guidance for applicants on the matters we take into consideration when assessing the fitness and properness of an applicant. Although the DFSA may have regard to any relevant matters for the purposes of considering whether an applicant is fit and proper, the matters are likely to include:

- Business model and business strategy;
- Corporate Governance;
- Senior management;
- Ownership and Group structure;
- Financial and operational resources; and
- Conduct of business and money laundering risks.

The legal status of the applicant will need to meet the requirements set out in the GEN Module.

How to prepare to apply

We suggest that you take the following steps:

- In the first instance, we recommend that firms engage with the Business Development unit of the Dubai International Financial Centre Authority (DIFCA). Their general email address is financialservices@difc.ae. They will help you understand the value proposition of the Dubai International Financial Centre (DIFC) to assist you with your evaluation on whether a presence here will make business sense for your firm;
- Decide what type of business you want to carry out and check which financial services you will need to apply for;
- Engage with the DFSA Authorisation Enquiries team. They will provide guidance on how you should develop a comprehensive regulatory business plan; and

- Determine who will be part of your senior management team and who will undertake the mandatory positions.

The Regulatory Business Plan

The DFSA considers the Regulatory Business Plan to be a key document in the licensing process. In Part 2 of the AUT - Notes section of the AFN Module of the DFSA Sourcebook, we provide a template that you should follow. For the Financial Services of Representative Office and Managing a Collective Investment Fund which is an Exempt Fund we do not require a Regulatory Business Plan.

The DFSA expects you to cover each item in the template and to provide any other relevant information for which we should be made aware.

The main points that you must cover in the Regulatory Business Plan include your firm's:

- Strategy and rationale for establishing in the DIFC. This will include your business activities, target markets, financial products, details of your existing and proposed clients and an analysis of your competition;
- Organisational structure, including the proposed legal structure, and its relationship with other Group entities and other regulators of the Group;
- Corporate Governance in terms of management structure and organisation. This will include Board and senior management structure, main committees and an organogram of your corporate structure;
- Proposed resources, which will include your human capital, premises and any outsourcing arrangements;
- Control environment, which will include risk management, compliance and internal audit; and
- Financial projections for three years which will include assumptions, budgets, financial resources and minimum regulatory capital requirements.

When this document is complete, submit it to the DFSA's Authorisation Enquiries team. Upon receipt, the DFSA will contact you to set-up a meeting to directly meet you in order to provide our initial feedback. You could then incorporate our feedback into the final version which will be re-submitted with the full application.

Completing the application forms

Besides the Regulatory Business Plan template, the AUT – Notes section of the AFN module of the DFSA Sourcebook has detailed

guidance to assist with completion of the various application forms that you will be submitting.

It is vital that you supply all relevant information. Openness and full transparency are essential. However, deliberately withholding information or providing false or misleading information will adversely impact the success of your application. If in doubt, you should disclose.

Please ensure that all relevant documents are also included with your completed application. If the information you provide is inaccurate or incomplete we will deem your application as materially incomplete, in which case it would not be accepted. Missing information will, almost certainly, lengthen the application process.

You should also start the registration process with the DIFC Registrar of Companies as early as possible. You can begin this process once your application has been accepted by the DFSA. This will help in avoiding delays as your firm nears the completion of the authorisation process.

Fees

The application fee will vary according to the Financial Services to be provided. The application fees range from \$2,000 for an applicant applying to be a Representative Office to \$70,000 for an applicant applying to be a Bank. Comprehensive details of fees can be found in the Fees Module (FER) of the DFSA Rulebook which is available on the DFSA website. Fees must be paid in United States Dollars and by bank transfer into the DFSA's bank account. They must be paid in advance as the DFSA will not regard an application as submitted until the relevant fees are received.

Authorisation timeline

The DFSA will assess if your application is materially complete within 2 business days. Only when we have formally accepted it will the full review process commence. From that point we will strive to process it according to the following timeline:

- We will acknowledge its receipt within 2 business days;
- We will forward an initial review letter within approximately 10 business days. Dialogue between the DFSA and the applicant will continue as required;
- We aim to complete a final review and recommendation within 4 months. A successful application will then result in the DFSA

issuing you an “in-principle” letter. This document will allow you to complete any other outstanding matters. For example, the incorporation procedure with the DIFC Registrar of Companies or to open a bank account in favour of the new entity;

- The in-principle letter will generally be valid for 3 months. Any conditions in the in-principle letter, such as incorporation, operational premises, capitalisation of the firm or any other outstanding matters, must be completed within this time frame; and
- We will only issue you with your DFSA licence when you can demonstrate that you have fulfilled all of the conditions set out in the in-principle letter.

The timeline set out above is indicative only. The time taken to process your application will depend on its scale and complexity, as well as the timely submission of information by you, and your response to any requests for further clarification. We point out that the need to make the correct regulatory decision will always take precedence over meeting target timescales.

Getting help

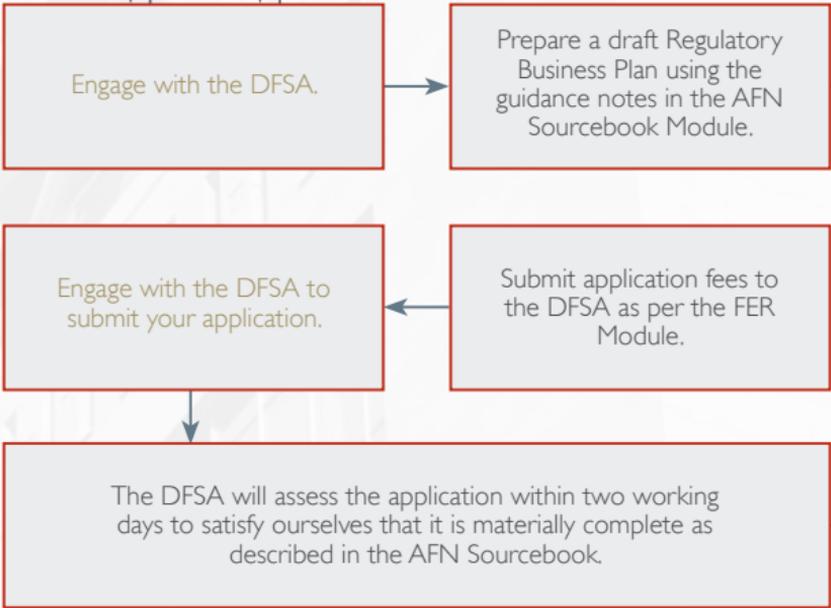
- **DFSA Rulebook:** This is available on the DFSA website. Prior to preparing your Regulatory Business Plan and application forms all pre-applicants should, at a minimum, read the General (GEN) and the Conduct of Business (COB) Modules. For applicants applying to carry on the Financial Service of Operating a Representative Offices, the Representative Office Module (REP) is the primary module.
- **DFSA Sourcebook:** This is available on the DFSA website and includes the Regulatory Policies and Process (RPP), Application Forms and Notices (AFN) and Prudential Returns (PRU) Modules. The Notes section of the AFN Module contains valuable information about constructing a Regulatory Business Plan and completing the application forms. The RPP Module provides applicants with guidance on how the DFSA operates and what we expect from the regulated community.
- **DFSA application forms:** These are contained in the AFN Module of the DFSA Sourcebook. When applying, ensure that you are using the latest versions by downloading them from our website only at the time of your application.
- **Authorisation enquiries:** You can direct your questions regarding our regulatory regime or the authorisation process to the Authorisation Enquiries team.
- **DIFCA Business Development Manager:** Please contact for advice on the commercial aspects of setting-up in the DIFC and for all business development requirements.

The DFSA Authorisation Process and Interactions with DIFC Stakeholders

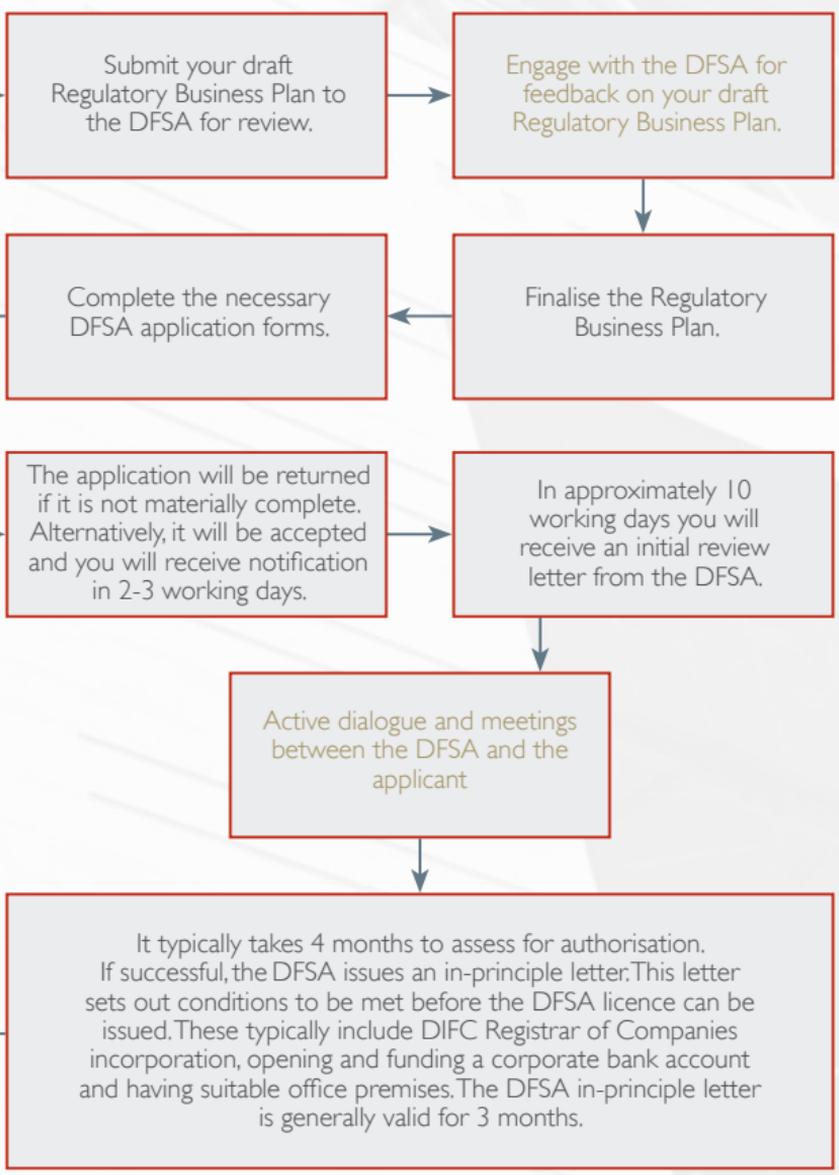
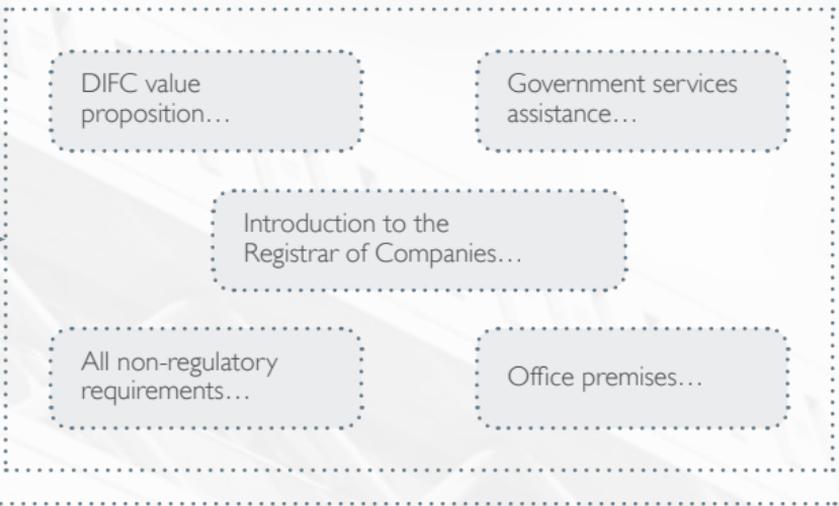
DIFC Authority



DFSA



Licence granted to firm upon completion of all conditions in the in-principle letter.



Visit the DFSA website at www.dfsa.ae for:

- Information on the authorisation process
- Copies of application forms
- Full text of the Laws and Rules
- More news about the DFSA

Authorisation Enquiries

- Via telephone +971 4 362 1500
- Via e-mail: info@dfsa.ae

About the DFSA

The DFSA is the independent regulator of financial and ancillary services conducted through the DIFC, 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.

The DFSA has produced this document to provide you with an overview of the process for applying for authorisation. It should be read in conjunction with the DFSA Rulebooks and any other relevant legislation. The information does not constitute legal advice nor does the DFSA give any express or implied warranty or assume any legal liability for the accuracy or completeness of the information herein.