

BY E-MAIL

31 March 2016

To the Senior Executive Officers
DFSA Authorised Firms

RE: Transparency for Firms Holding Clients Assets or Insurance Monies

Dear SEO

In December 2015, the DFSA released [Consultation Paper No. 104 – Proposed Miscellaneous Amendments](#) where, amongst other matters, the DFSA proposed to introduce a requirement for Authorised Firms (Firms) to seek an endorsement to their Licence when they hold or control Clients Assets, or hold Insurance Monies.

Having considered the comments received during the consultation period, the DFSA has made amendments to the DFSA Rulebook to reflect these new requirements. These changes will be published in the Rulebook on **3 April 2016**, but Firms will then have a transitional period of 6 months to obtain the necessary endorsement. The date on which the requirement to have an endorsement will come into force is **3 October 2016**. The endorsement mentioned above will be reflected on the Firm's Licence and the DFSA's Public Register.

The purpose of this communication is to remind Firms about these changes and to set out the key elements of the DFSA's approach in providing Firms with the Client Asset/Insurance Monies endorsement. Please find attached as Appendix A a copy of the issued Q&As in relation to this matter, which will also be available on the DFSA's website from Sunday, 3 April 2016.

Process for obtaining a License Endorsement relating to Clients Assets and Insurance Monies

1. Self – Certification Relief

To benefit from the self-certification relief, a Firm will need to certify that it:

- a) wishes to obtain an endorsement and which endorsement it requires;
- b) was already entitled to hold Client Assets or Insurance Monies (as applicable) , as evidenced by the most recent auditor's report, together with the date of submission of that report; and
- c) has in place systems and controls that meet the requirements for holding such Client Assets or Insurance Monies (as applicable).

In order to reduce the regulatory burden, the DFSA has introduced a self-certification period of six (6) months (i.e. **3 April 2016 to 2 October 2016**) for Firms that already hold or control Client Assets, or hold Insurance Monies.

Where a Firm qualifies for relief through self-certification mentioned above, the Firm would not have to pay any application fee for the endorsement. In order to benefit from the self-certification relief, a Firm would need to complete and submit the Self-Certification Letter provided in Appendix B.

2. Endorsement application

A Firm which does not meet the requirements for the self-certification relief, or fails to complete the self-certification process in the time allocated, will need to submit a formal application to the DFSA for the relevant endorsement. The Firm is required to use the updated Form SUP 5 which can be downloaded from the DFSA's website from Sunday, 3 April 2016.

In addition to the submission of Form SUP 5, Firms will have to pay the applicable fee of USD5,000 for an endorsement. However, in order to provide some further relief, the DFSA proposes to waive the applicable fee for any Firm that submits a formal application to the DFSA on or before the **2 July 2016**. Any application received by the DFSA after this date will be subject to the application fee of USD5,000 per endorsement.

Further Queries

If you have any further questions in relation to this letter, please contact your DFSA relationship manager if one has been assigned, or use the [Supervised Firm Contact Form](#) found on the DFSA Website.

Yours sincerely,



Bryan Stirewalt
Managing Director, Supervision

CC: Compliance Officers of Authorised Firms

Appendices:

Appendix A: [Q&As – Transparency for Firms Holding or Controlling Client Assets or Dealing in Insurance Monies](#) **Appendix B:** [Self Certification Letter](#)