

# THEMATIC SUPERVISION EMERGING TRENDS CONG/DFSA OUTREACH 30 May 2016

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# **AUTHORISING FINANCIAL INSTITUTIONS**

**Martin Wilding  
Mohammad Janahi  
Nick Walling  
Stephen Albrecht**

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# Authorised Firms Statistics

**As at 29 May 2016**

38 applications accepted for processing year to date

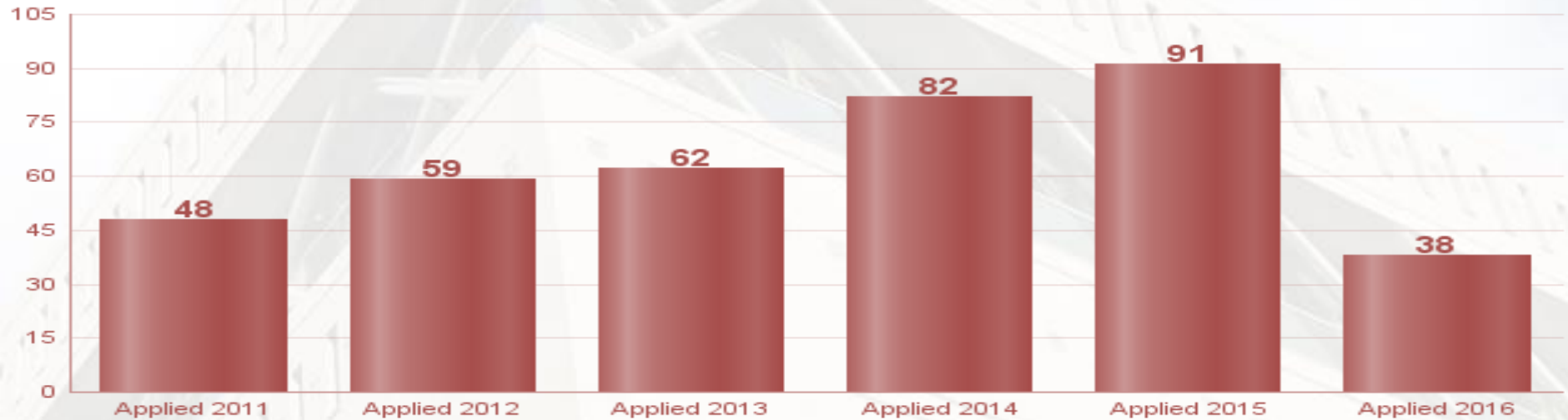
30 Firms authorised in the year to date

418 Authorised Firms

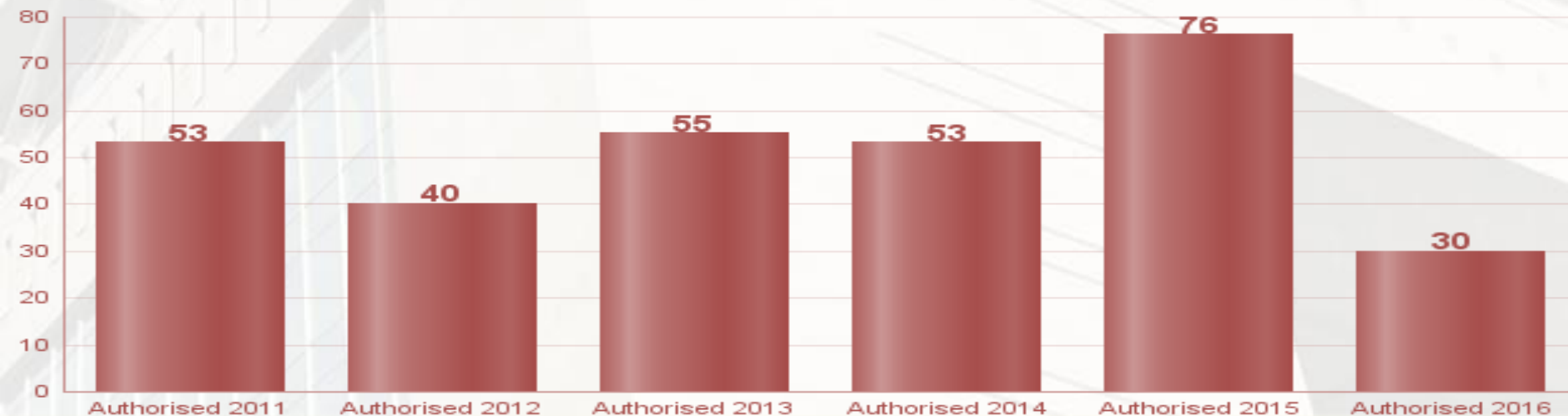
**Plus a strong “pipeline” of applicant firms**

# Authorised Firms – Trends 2011 - 2016

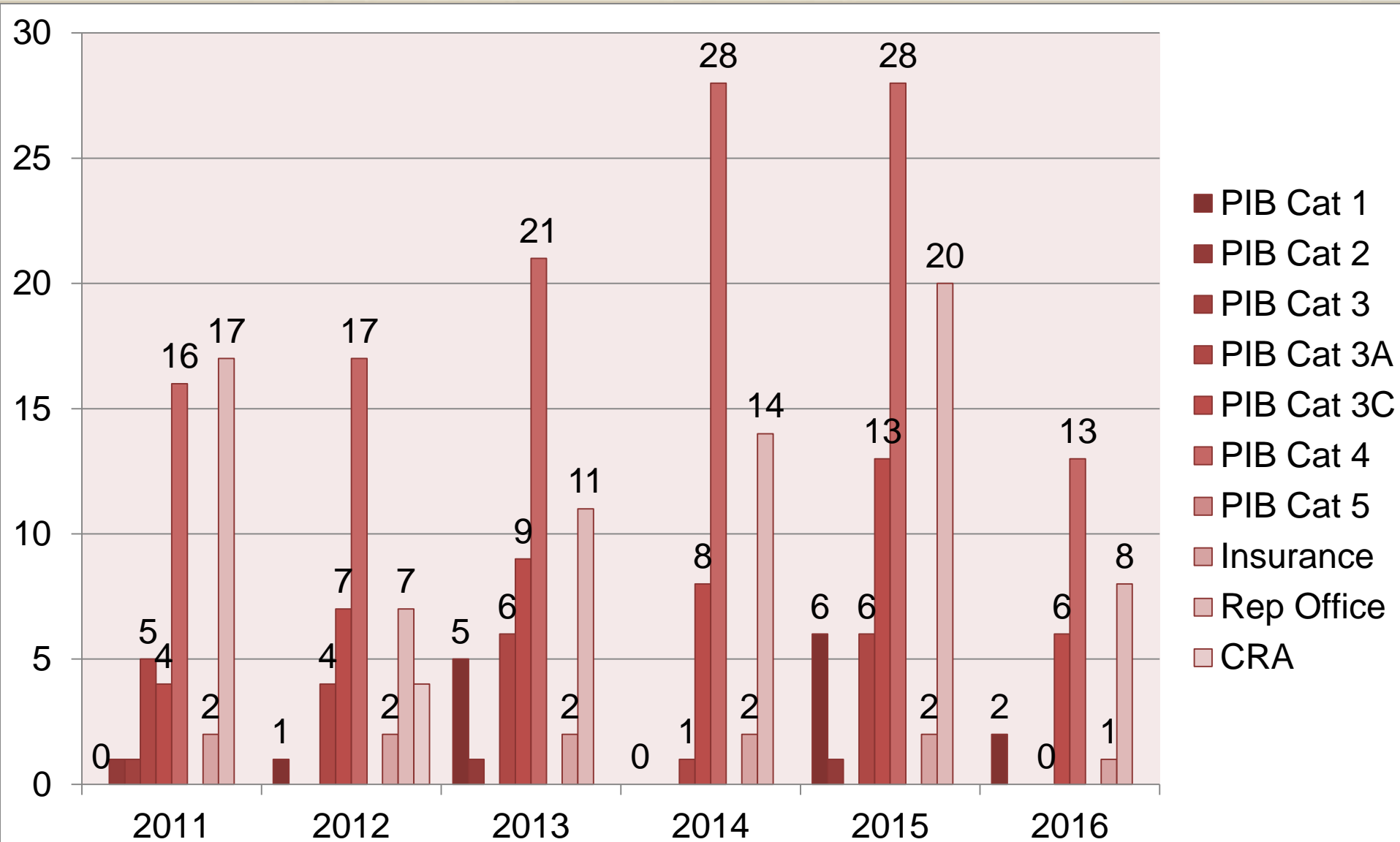
**Number of Applicant Firms**



**Number of Authorised Firms**



# Nature of Authorised Firms



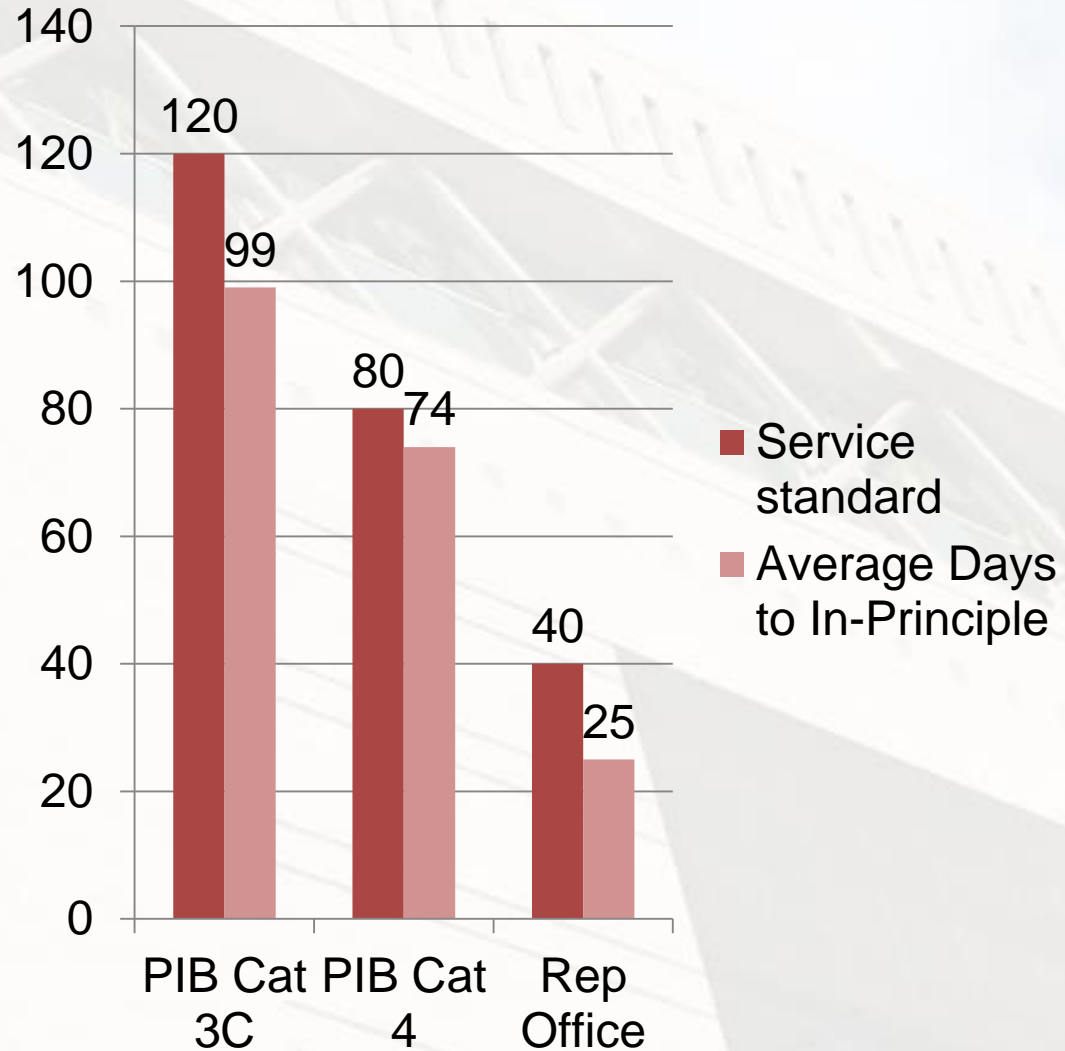
# Turnaround Times (Calendar Days)

In January 2016 we introduced new turnaround targets.

- Representative Offices – 40
- Qualified Investor Fund Managers – 28 to 42
- Category 4 – 80
- Category 3 – 120
- Category 1, 2 & 5 – 180

# Turnaround Times

To date, we have been successful in achieving these targets for applications accepted in 2016.





# Changes to Forms

- The following re-designed forms are now live:
  - AUT CORE
  - AUT STS
  - AUT AMS
  - AUT INS
  - SUP 5
- There will be further changes in due course.

# Self-Certification

- We encourage eligible firms to make use of the self-certification options available at the time of application.
- In particular we would remind firms that:
  - Where an applicant firm is eligible to “self-certify” in respect of its AML, Compliance and Risk policies and procedures then please do so.
  - Where a firm opts to self-certify, do not also submit the AML, Compliance and Risk documentation to us for review.
  - Where appropriate (Category 4 firms) should submit only the simplified financial projections and capital calculations.

## Online Forms

- We are currently developing the functionality to allow online submission of authorisation applications and information.
- The objective is to further reduce authorisation turnaround times.
- The Online Forms will initially be limited to lower risk Authorised Firms. Details of the types of firms that can apply online will be announced in due course.
- The project is expected to go live in early 2017.

# Authorised Individuals Issues

- **Capacity:** Service providers should ensure that the outsourced individual has capacity to undertake the proposed Licensed Function(s).
- **Conflicts:** Service providers should consider potential conflicts in Authorised Individual roles.
- **Competence:** Staff should have and demonstrate appropriate skills and experience for their proposed roles.

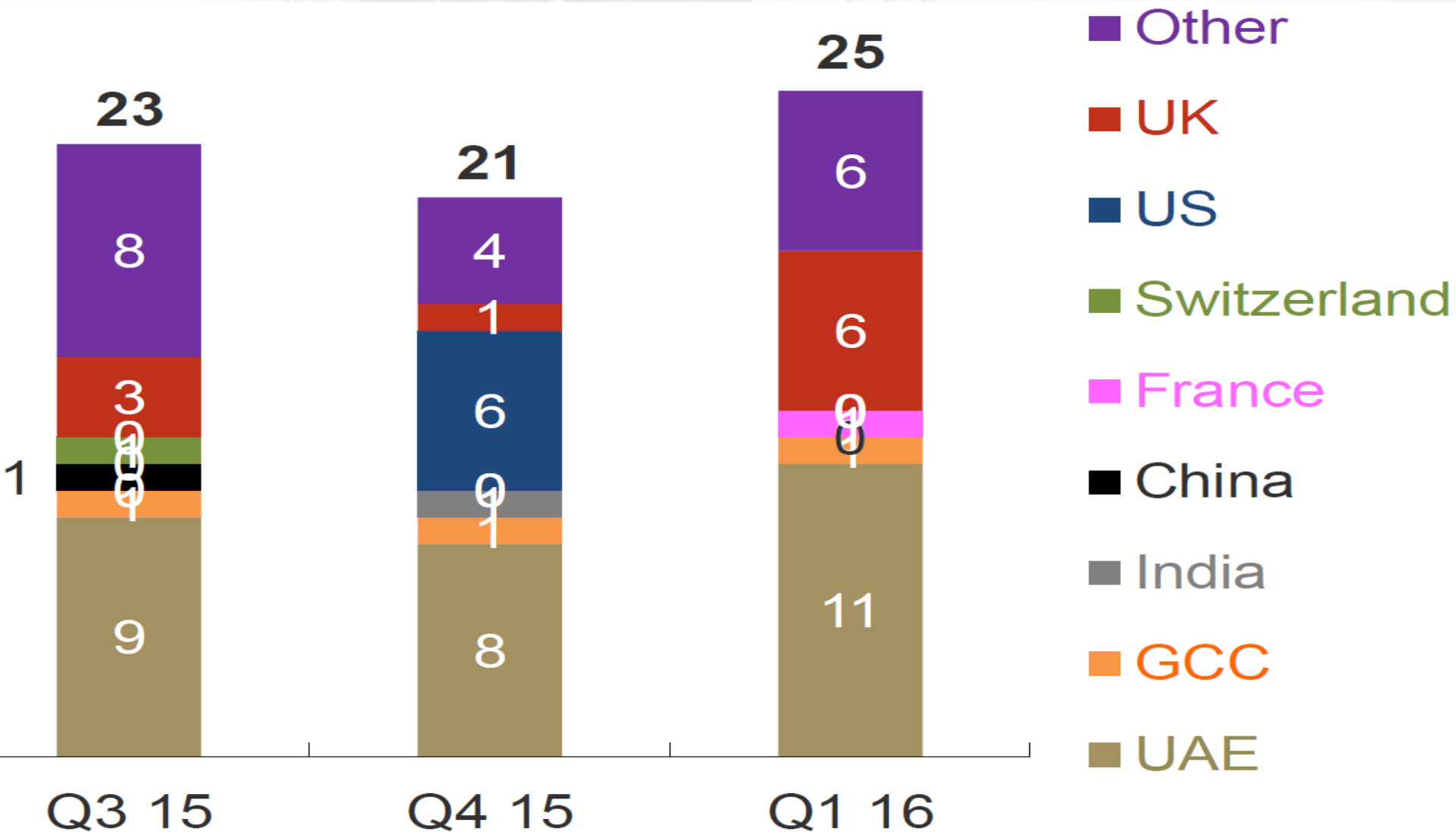
The DFSA is witnessing an increase in complex organisational structures. When looking at complex structures, the DFSA considers various factors, including:

- Rationale for the complex structure
- Fitness & propriety of Controllers
- Inherent risks
- Related parties
- Ultimate Beneficial Ownership

# Jurisdictions Update

- A widening of the scope of jurisdictions from which we will accept applications.
- DIFCA is keen to expand breadth and scope of the Centre – particularly as the larger firms from the major European, US and other leading jurisdictions are already established in the DIFC.

# Nature of Applications - Jurisdiction



# DFSA's Approach to Jurisdictions

- Focus on regulatory criteria
- Primary filter by “BIG” Index\*
- Secondary filter utilising collective DFSA corporate knowledge, including:
  - Experience of jurisdiction (e.g. existing firms)
  - Memorandum of Understanding (MoUs) in place
  - Recent Financial Sector Assessment Programme (FSAP)
  - Meetings/discussions with Standard-Setters

(\* Basel Institute on Governance anti-money laundering country risk ranking)



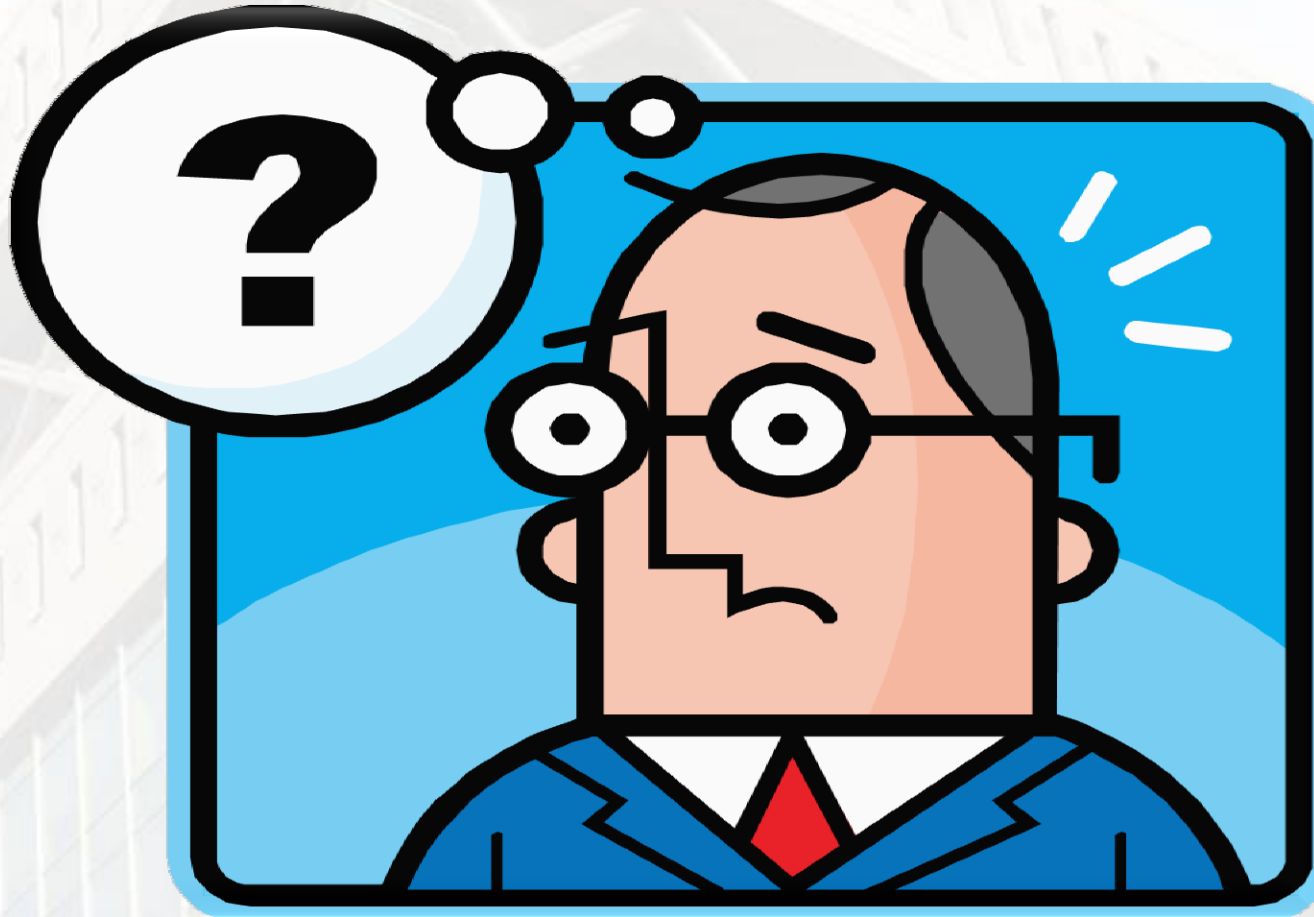
# Other Regulatory Considerations

- Category of firm – we may have a higher risk tolerance for certain types of lower risk firms (e.g. Representative Offices) from some jurisdictions.
- Branch versus Subsidiary – we may be more willing to consider a subsidiary than a branch (where we place reliance on the Home-state regulator) from certain jurisdictions.

# Future Developments in Financial Services Activities

- Crowd Funding – Currently considering. A consultation paper is due soon.
- Providing Money Services
- Start-up Banks – DFSA's risk tolerance under review.

# QUESTIONS





Thank You