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To the Senior Executive Officers  
of DFSA Authorised Firms

12<sup>th</sup> May 2008

Dear SEO,

**Re: Compliance with the Federal Law provisions relating to dealing in UAE  
Dirham and deposit taking in state's markets.**

Authorized Firms operating in the DIFC and supervised by the DFSA are subject to the provisions of Federal Law No. 8 of 2004 ("Federal Law"). Article 4 (1) (b) of this Federal Law states that "with regard to Financial Banking Activities"... "Companies and Establishments licensed in the Financial Free Zones shall not deal in deposit taking from the State's markets and shall not deal in the UAE Dirham". These restrictions apply to Authorised Firms who conduct Banking Business (accepting deposits or providing credit).

The DFSA will be seeking a positive confirmation from Authorised Firms later this year, certifying their compliance with the Federal Law prohibitions on dealing in UAE Dirham and in taking deposits from UAE markets. Accordingly, we strongly encourage all Authorised Firms to review their products, services and operations, specifically in respect of financial banking activities, to ensure continuing compliance with the provisions of Article 4 of Federal Law No.8 of 2004. We also suggest that Authorised Firms cover the aspect of compliance with the provisions referred above in any reviews by internal audit or other control functions.

If you wish to discuss this matter or require any further information please do not hesitate to contact your Relationship Manager.

Yours sincerely,

Michael Zamorski  
Managing Director, Supervision

