

DFSA OUTREACH

4 June 2015

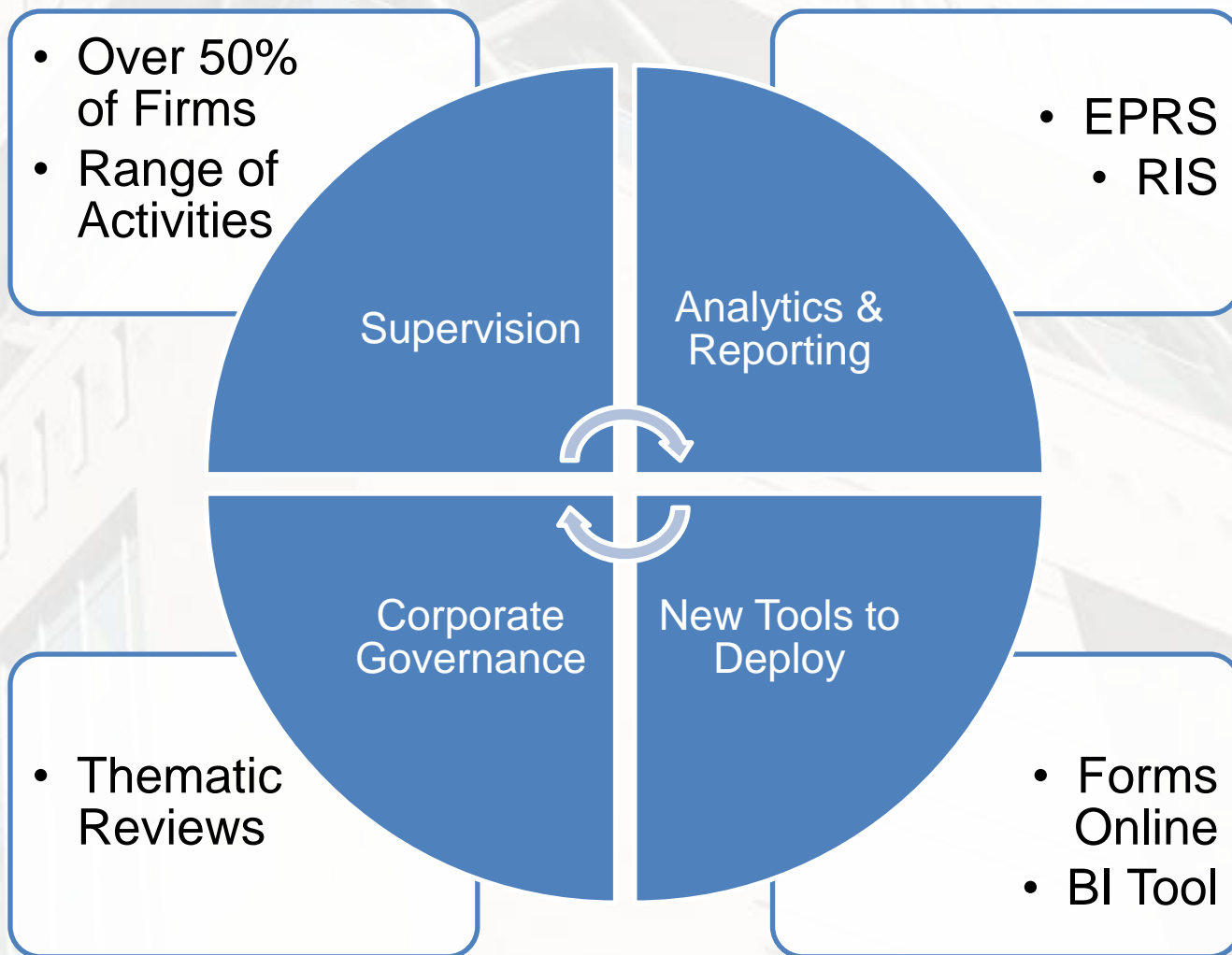
The Dubai Financial Services Authority (DFSA) in providing this DFSA outreach presentation to you for information purposes only. The DFSA does not make any warranty or assume any legal liability for the accuracy or completeness of the information as it may apply to your particular circumstances. The information, which may be amended from time to time, and may become out-of-date, does not constitute legal advice or official regulatory policy. The information does not amount to individual or general guidance on DFSA laws, Rules or policy and may not be relied upon in any way. Please visit www.dfsa.ae to find the official versions of DFSA administered Laws, Rules and Policy Statements.

Thematic Supervision Emerging Trends for Pooled Firms

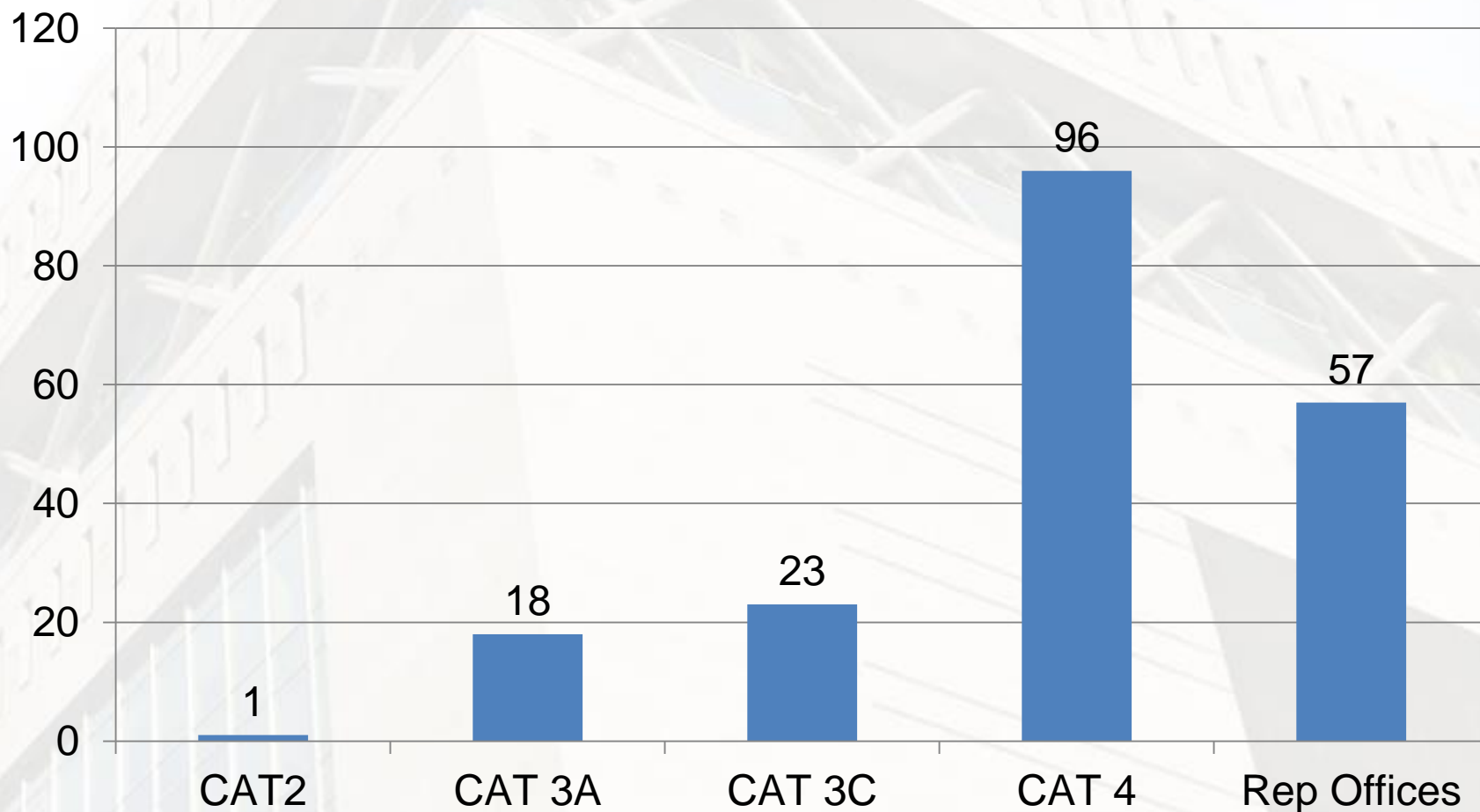
Agenda

- Team structure, our general approach and emerging issues
Serdar Güner, Director
- Supervision
Rose Plunkett, Associate Director
Aisha Belhoul, Manager
- Corporate Governance
Shadi Dajani, Senior Manager
- Systems/Analytics
Jeremy Cox, Senior Manager

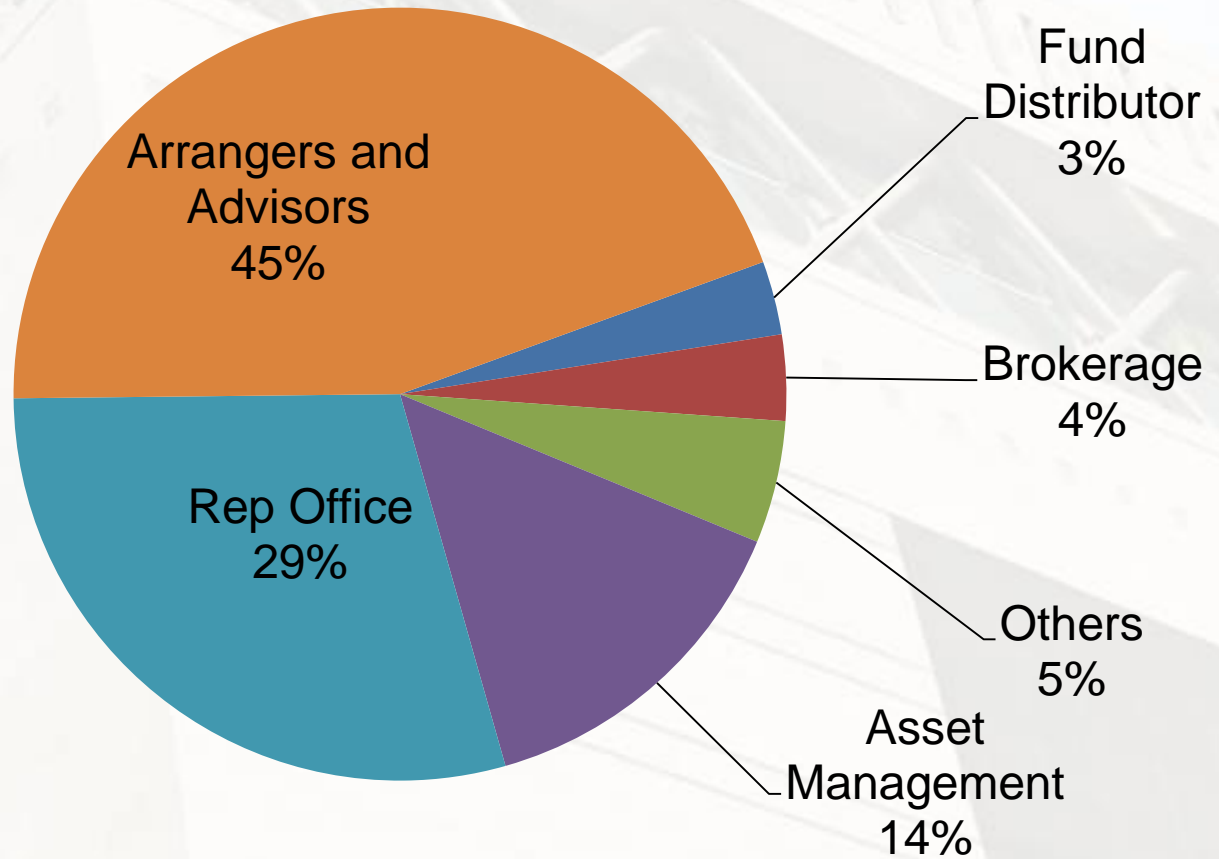
Functional Lines



Thematic Supervision Team (TST) – Breakdown of Firms



TST Firms



Supervision of TST Firms

Aisha Belhouli
Manager - Supervision
&

Rose Plunkett
Associate Director, Supervision

Introduction

- Supervision Approach
- Activities
- Emerging Trends and New Initiatives
- Our focus – going forward

Thematic Supervision Approach

- The DFSA's approach is: "To be a risk-based regulator"
- The DFSA only allocates a Relationship Manager to a Firm with a higher level of resultant risk from the combined assessment of impact and risk ratings

Supervision - Framework

- TST Supervisory Framework
 - Risk Assessments
 - Thematic reviews
 - Desk based reviews and analyses, including regulatory reporting
 - Senior Management/General update meetings with firms
 - Client file reviews
 - Introductory meetings
 - Dear SEO letters
 - Report; media releases, leaflets
 - Consultations
 - Outreach sessions

Thematic Supervision – Typical Activities

- General Authorised Firm Queries
- Change of Scope
- Change of Control
- Reporting Requirements
- Waivers
- Authorised Individuals
- Firm Risk Assessment
- Resolution of Breaches
- Notifications
- Event Driven Activities

Major Activities - by Type

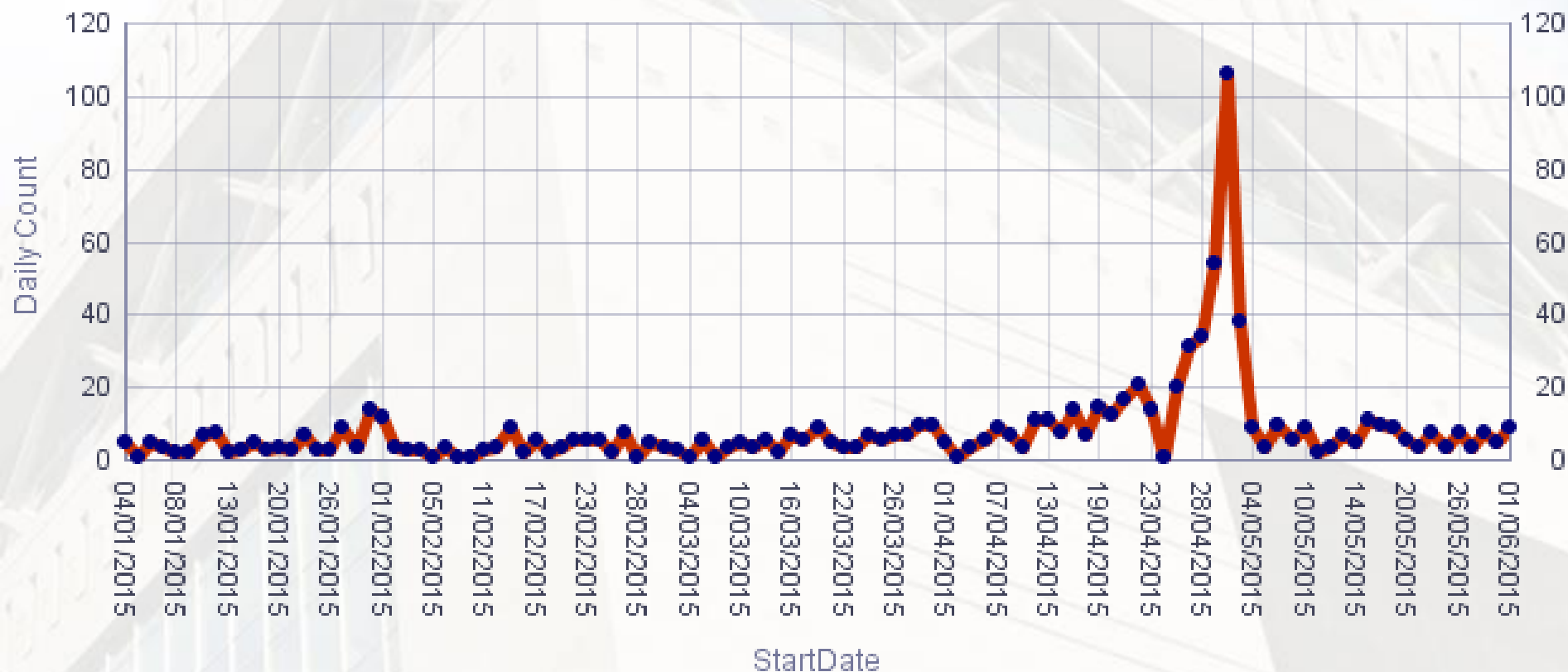
Activity Type	2014	2015	Total
Authorised Individuals	149	73	222
Change of Scope	18	7	25
Change of Control	23	14	37
Risk Assessments	34	15	49
Meeting with Firm	45	40	85
Waivers	17	8	25
Reporting Requirements	328	313	641
Notifications	75	31	106
AML Query	100	118	218
EPRS Query	23	53	76

Supervision - Activities

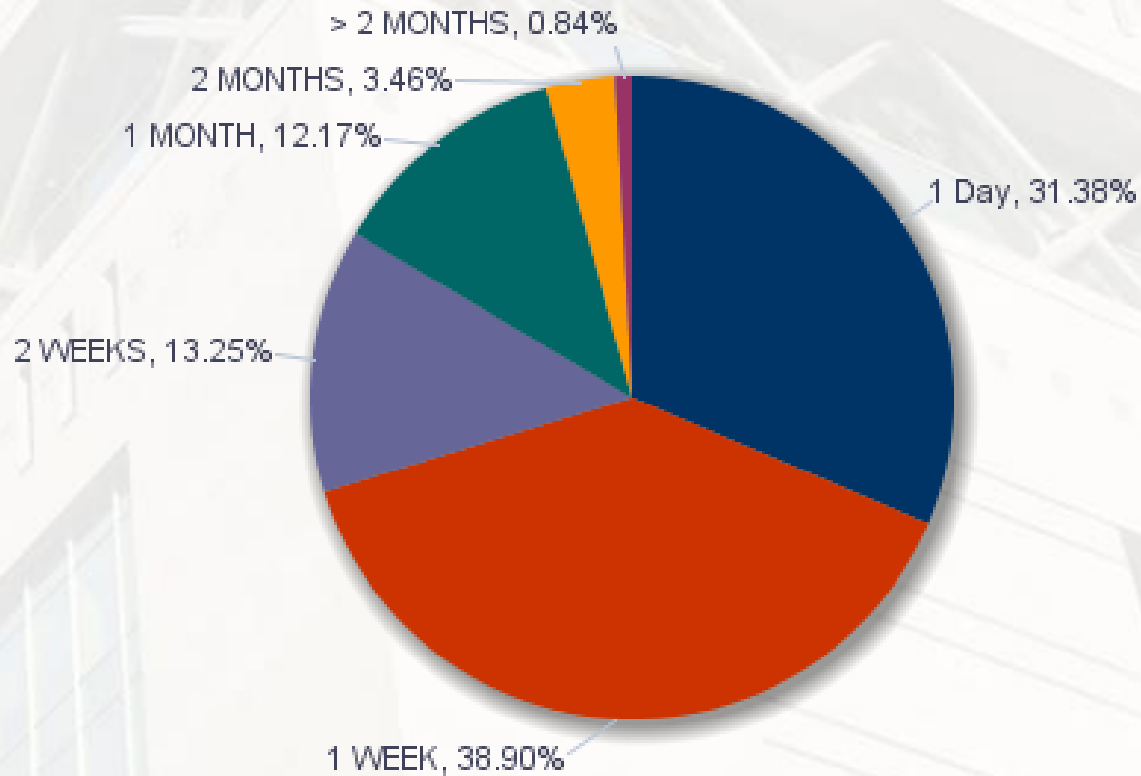


Supervision – Daily Submissions

Daily Totals



Activities – Resolution Time



Thematic Supervision: New Developments and Emerging Trends

- Thematic Supervision new initiatives
- Risk based approach – proportionate application for Thematic Firms
- Common challenges for Thematic Firms

Thematic Supervision New Initiatives

- Initial client file reviews
- Senior Management Meetings
- Focused onsite risk assessments
- Introductory communications with newly authorised Thematic Firms

Common Trends and Improvement Opportunities

- Client on boarding discussions
- Reliance on other Group entities:
 - Appropriate Service Level Agreement for material outsourcing
 - Gap analysis
 - Quality assurance role of DIFC compliance
- Failure to identify and notify DFSA of capital breaches in a timely manner
- Repeated breaches of the same DFSA rules
- Inadequate systems and controls

Common Trends (2)

- For branches – failure to submit to DFSA copy of every capital adequacy summary report and leverage ratio report submitted to home state Regulator
- Newly authorised firms
 - For some firms, inadequate documentation of compliance and risk functions
 - Late submission of PIB returns

Representative Offices: Main Developments

Representative Offices account for 15% of Authorised Firms in Centre



The DFSA Rulebook

Representative Office Module

(REP)

Representative Offices: Main Developments (2)

- Planned Miscellaneous Consultation Paper includes amendments to REP Rulebook
- Planned Representative Office/ Arranging review by Policy & Legal
- Thematic Supervision areas of concern:
 - Marketing material regulatory disclosures
 - Acting within scope of Licence
 - Understanding DFSA obligations as a Principal Representative

Thematic Supervision: Future Focus

- Conduct and AML risks
- Enhanced desk based analyses
- Continued emphasis on effective communications:
 - Setting expectations and sharing high level consequences
 - Communications with Firms clear, transparent and timely
 - Response times to Firms' enquiries
- Active and open dialogue

Corporate Governance

Shadi Dajani
Senior Manager – Supervision

- Our Mandate
- Principles
- Trends

Our Mandate

- Ensure alignment of Corporate Governance rules and guidance to standards promoted by the international standard-setters
- Focused risk assessments
- Thematic reviews

Corporate Governance at the DFSA

- Corporate Governance is one of the risk groups for TST Firms
- DFSA Emphasis on Corporate Governance is evidenced by the numerous DFSA Principles and Rules
 - Principle 11 Compliance with high standards of corporate governance
 - Principle 12 Remuneration Practices
 - Principle 3 Management, systems and controls
 - GEN Rules 5.3 Systems and controls.

Corporate Governance and Standard Setters

Some examples include:

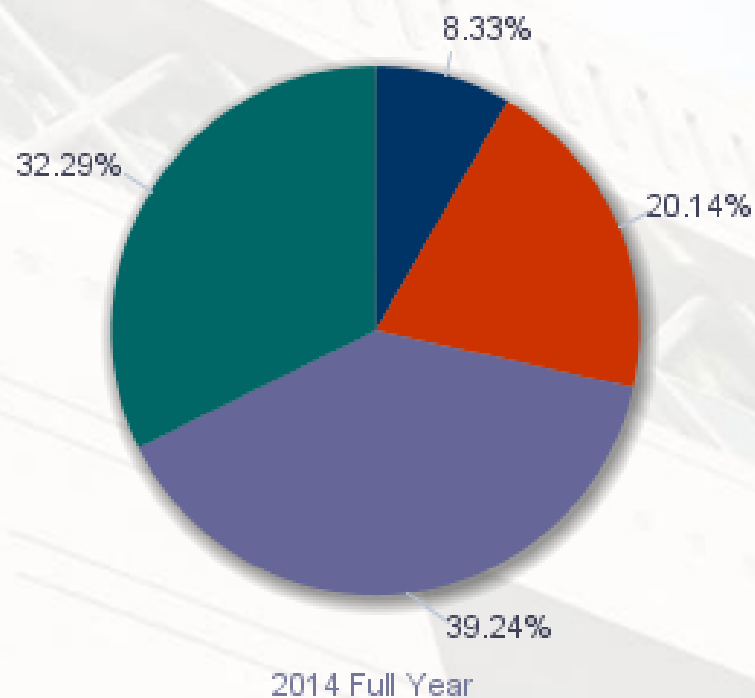
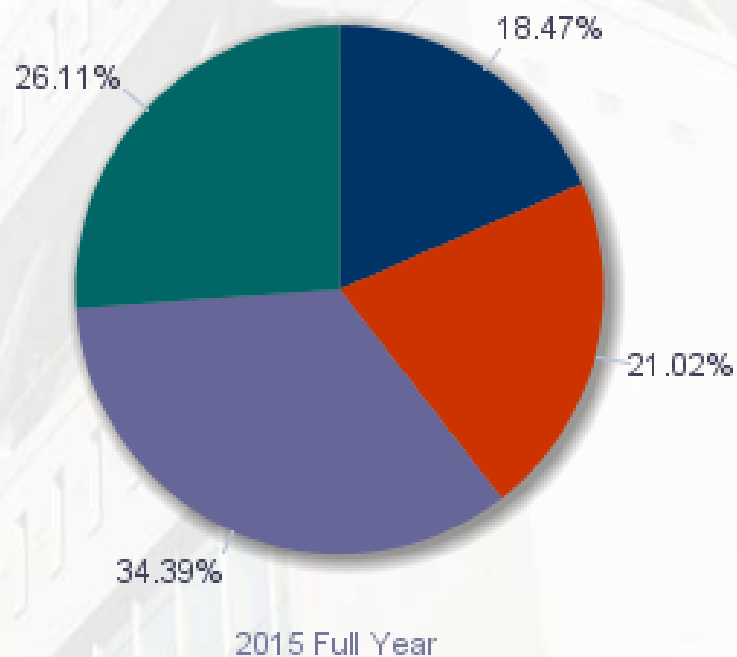
- BASEL Core Principle 14
- IOSCO Self Regulation Principle 9
- IAIS – ICP 7 Corporate Governance

Trends in Corporate Governance

Particularly identified across TST Firms

- Accountability
- Conflicts of interest
- Lack of internal controls
- Perimeter issues
- Dominance in decision making
- Lack of effective challenge
- Group Dynamics – operations and reporting (Branches)
- Weaknesses in remuneration structures

Firms Breaches



■ Conduct of Business Risks to clients and markets ■ AML/CTF and Financial Crime
■ Corporate Governance, Strategy and Business Model ■ Financial and Operational Risks

Systems/Analytics

Jeremy Cox
Senior Manager – Supervision

Introduction

- An overview of what we do
- Practical information upon how we do things
- An exercise for you when you return to the office
- An insight to the IT systems we use
- Our future vision

Key Tasks We Undertake

- Supervision of Thematic Supervision Firms
- Manage the Being Supervised portal
- Administer EPRS
- Ensure the DFSA Public Register is kept up to date
- Administration of Licensing and Authorised Individual applications
- Maintain and develop internal IT systems
- Create various reports and statistics

Process flow for Authorised Individuals (1)



The DFSA Rulebook

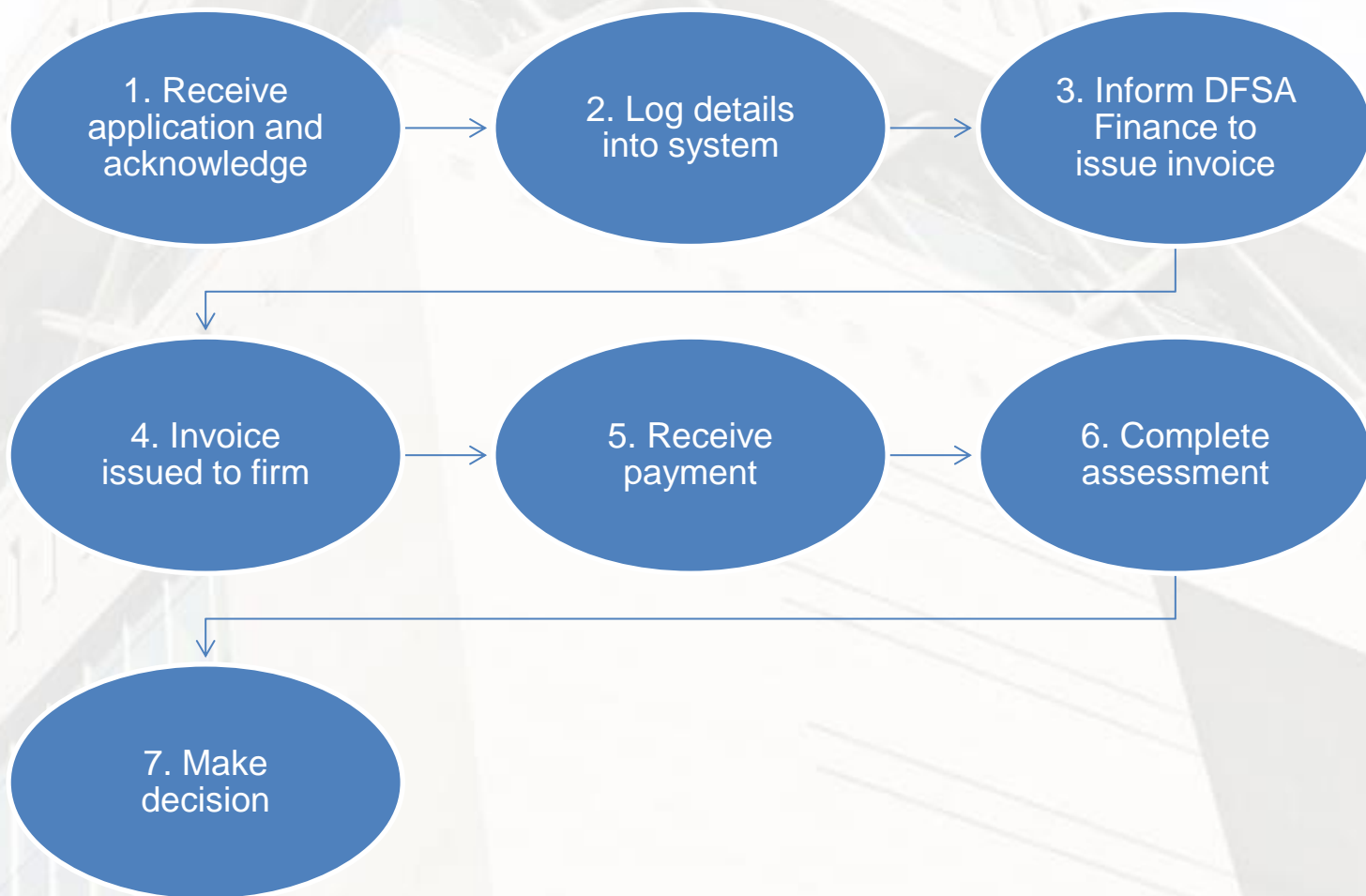
Fees Module

(FER)

FER/VER9/01-15

- Since January 2015, certain applications for Authorised Individuals now demand a \$500 fee.
- Full details can be found in FER 2.7
- Key exclusions are withdrawing AI's and those associated with an application for Licensing.

Process flow for Authorised Individuals (2)



EPRS – common issues (1)

EPRS

Electronic Prudential Reporting System (EPRS) enables all Authorised Firms to submit their regulatory returns online.

Click here to access EPRS.

Please review the information located on our website.

- Most systems access/system function issues can be rectified by reviewing the Technical Notes.
- General completion and final submission information can be found in the User Guide
- Should you still encounter a problem, please Email the EPRS Helpdesk:
eprshelpdesk@dfsa.ae

EPRS – Common Issues (2)

- Using incorrect forms, please refer to previous Outreach Session (*slides available on website, DFSA Library > Speeches and Presentations*)
- Selecting the wrong scenario i.e. using an annual scenario for submitting quarterly returns
- Not following validation steps and thus being unable to submit
- Not using the Prudential Returns Module for guidance when completing the forms

Late Payment Fees for PIB Submissions After Due Dates

- Since January 2014, we have levied around 20 late payment fees to Thematic Supervision Firms for late submission of PIB returns
- Presently repeat offenders are uncommon: we have very few instances
- We encourage Firms to commence their completion of PIB returns and submit via EPRS as soon as possible after the reporting period has concluded. Please do not leave until the day of submission to find that an issue exists

Public Register



Dubai Financial Services Authority

The DFSA is the independent financial services regulator for the DIFC

العربية

About Us | Doing Business with the DFSA | Legal Framework | DFSA Listing Authority | Public Register | DFSA Library

Search for... This Website Go

Alerts

DFSA issues Alert about the Fraudulent Sale of DFSA Licences

View alerts

Supervised Firms

Click here to access to the Supervised Firm Contact Form. This is for our current supervised Firms ONLY.

Complaints

Click here for more information on getting in touch with the DFSA.

Careers

For available vacancies please click here.

Contact Us

Click here for more information on getting in touch with the DFSA.

TRL

The DFSA is developing young Emiratis to become leaders in the financial sector.

Click here to read about the DFSA's TRL Programme.

BAWABATI

A community initiative by the DFSA

Click here to read about the DFSA's Bawabati programme

EPRS

Electronic Prudential Reporting System (EPRS) enables all Authorised Firms to submit their regulatory returns online.

Click here to access EPRS.

Financial Markets Tribunal

Click here for historical info regarding Regulatory Appeals Committee

Anti-Money Laundering, Counter-Terrorist Financing, sanctions and SAR

Click here to access the DFSA's AML, CTF and sanctions resource page. For more information about Suspicious Activity Reports. Click here to view and download the forms

What's New

- 20 May 2015 DFSA Fines United Investment Bank Limited
- 19 May 2015 The DFSA and the DIFC Registrar of Companies Co-host FATCA Outreach Workshop
- 7 May 2015 Regulatory Policy and Process Module May 2015 Edition
- 27 April 2015
- 26 April 2015

more...

Subscribe to Updates

If you would like to receive periodic e-mails informing you of updates to the DFSA website, please click here.

“ The DFSA supervises and regulates 488 entities, 378 Authorised Firms, 92 DNFBPs, 16 Registered Auditors and 2 Authorised Market Institutions. ”



Dubai Financial Services Authority

The DFSA is the independent financial services regulator for the DIFC

العربية

About Us | Doing Business with the DFSA | Legal Framework | DFSA Listing Authority | Public Register | DFSA Library

Search for... This Website Go

Public Register

Firms

Individuals

Funds

Regulatory Actions

DFSA issues Alert about the Fraudulent Sale of DFSA Licences

View alerts

Subscribe to Updates

If you would like to receive periodic e-mails informing you of updates to the DFSA website, please click here.

Public Register - Firms

Firms | Individuals

To show all results, leave search criteria empty and click the 'Search' button below

To print a list of all the firms please click here

Firm Name Firm Type -- Select Firm Type --

Reference Number Legal Status -- Selected Legal Status --

Endorsement

☐ Operating an Islamic Window

☐ Islamic Financial Institution

☐ Carrying on authorised Financial Services with or for Retail Clients

Financial Services

☐ Accepting Deposits

☐ Providing Credit

☐ Dealing in Investments as Principal

☐ Dealing in Investments as Agent

☐ Arranging Credit or Deals in Investments

☐ Managing Assets

☐ Advising on Financial Products or Credit

☐ Managing A Collective Investment Fund

☐ Providing Custody

☐ Arranging Custody

☐ Effecting Contracts of Insurance

☐ Carrying Out Contracts of Insurance

☐ Operating an Exchange

☐ Operating a Clearing House

☐ Insurance Intermediation

☐ Insurance Management

☐ Managing a Profit Sharing Investment Account

☐ Operating an Alternative Trading System

☐ Providing Trust Services

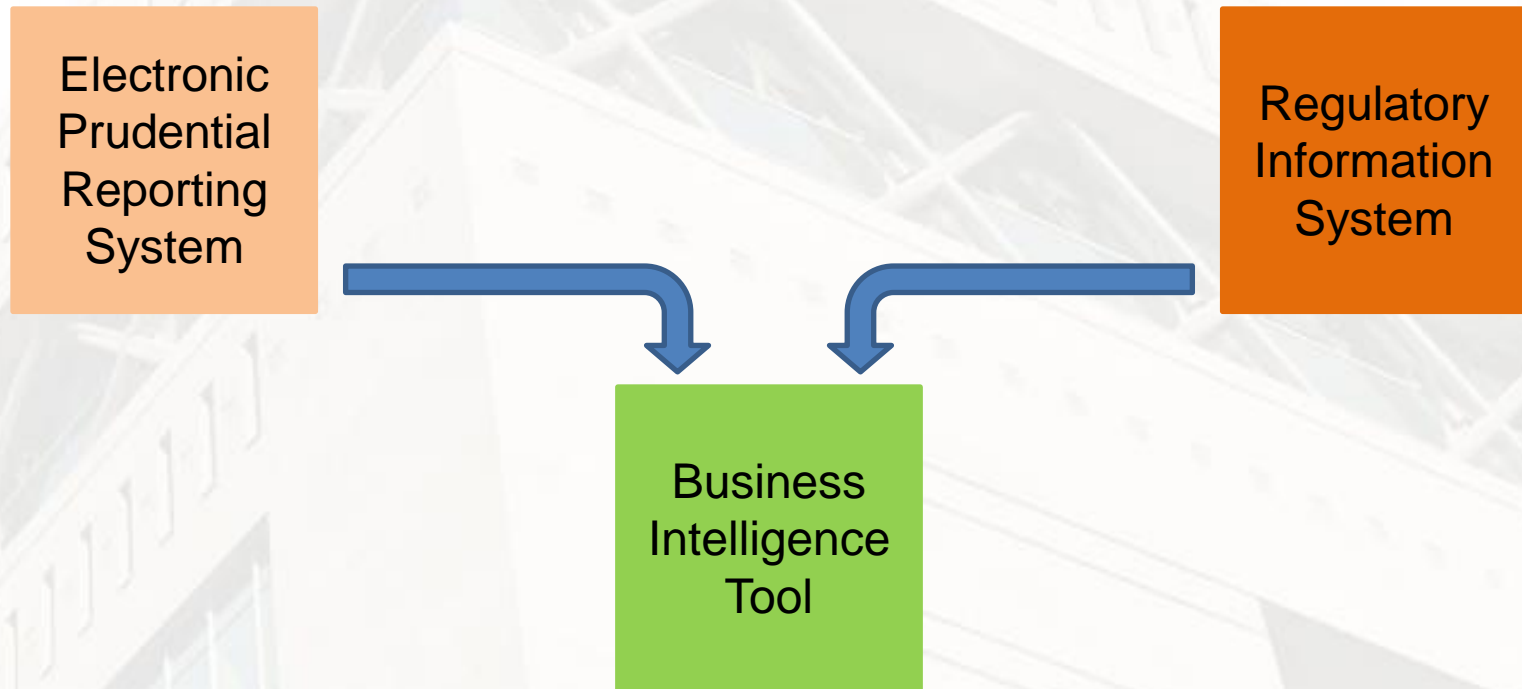
☐ Providing Fund Administration

☐ Acting as the Trustee of a Fund

☐ Operating a Representative Office

Search Clear

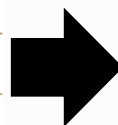
Systems (Business Intelligence Tool)



- Extracts data from both EPRS and the Regulatory Information System
- Provides the ability to amalgamate data from both systems
- Allows us to easily create numerous reports, dashboards and analysis
- Regular refreshes to update the data being used

DFSA 2015/2016 BUSINESS PLAN SUMMARY

DFSA 2015/2016 BUSINESS PLAN SUMMARY		
VISION	<ul style="list-style-type: none">• Be an internationally respected regulator and a role model for financial services regulation in the Middle East	
MISSION	<ul style="list-style-type: none">• To develop, administer and enforce world-class regulation of financial services in the DIFC	
REGULATORY APPROACH	<ul style="list-style-type: none">• To be risk-based and to avoid unnecessary regulatory burden	
STRATEGIC THEMES IN ACTION		
DELIVERY Execute core functions with professionalism efficiency	DELIVER WORLD-CLASS REGULATION AND EFFECTIVE ENFORCEMENT	<ul style="list-style-type: none">• Undertake thorough preparations for and follow-up to the FSAP and FATF assessments and provide any requested input to other UAE authorities
		<ul style="list-style-type: none">• Focus on proportionate DIFC appropriate implementation of international standards• Pursue Rulebook simplification where possible• Take relevant and appropriate enforcement action
	BE MORE AGILE THROUGH EARLY WARNING SYSTEMS AND INNOVATION	<ul style="list-style-type: none">• Refine existing warning systems to ensure responsiveness to emerging risks• Explore indicators for identifying system-wide misconduct
	MAINTAIN QUALITY AS DIFC SCALE INCREASES	<ul style="list-style-type: none">• Pursue efficiencies without compromising on quality (e.g. refinements to risk-based regulation)
<ul style="list-style-type: none">• Be creative in delivering process and IT solutions as part of maintaining operating excellence		
SUSTAINABILITY Positively shape our environment and organisation for the long-term	ENHANCE ORGANISATIONAL ROBUSTNESS AND RESILIENCE	<ul style="list-style-type: none">• Build clear, efficient and scalable regulatory and non-regulatory processes. develop better knowledge management systems. Match recruitment and development to manpower needs• Improve cost recovery
	SUPPORT DUBAI GOVERNMENT STRATEGY AND DIFC DEVELOPMENT	<ul style="list-style-type: none">• Continue alignment with DIFC and Dubai Government strategy (including Islamic Economy Initiative)• Continue dialogue with DIFC bodies to support sustainable growth of the centre
	BUILD UAE NATIONAL CAPABILITY	<ul style="list-style-type: none">• Continue to build regulatory capacity via the TRL Programme and other initiatives (e.g. international secondments)• Strive to improve UAE National representation throughout the DFSA



Be creative in delivering process and IT solutions as part of maintaining operating excellence

DFSA Annual Report 2014



Thank You