

Dubai Financial Services Authority (“DFSA”) regulatory update Q4 2024

Regulatory horizon scanning and enforcement

- On October 9, 2024, the DFSA released the findings of the [Thematic Review on Money Service Providers \(“MSPs”\)](#) operating in the DIFC. The review assessed the effectiveness of MSPs' management of operational risk and their compliance with the Prudential - Investment, Insurance Intermediation, and Banking Business Module of the DFSA Rulebook.

Key areas of focus in the review included:

- Operational Risk management framework
 - Strong Customer Authentication
 - Technical standards for Risk management
 - Fraud detection and prevention systems
- On the October 14, 2024, the DFSA issues a Dear SEO letter on the Key themes and findings from the 2024 DFSA [Thematic Review on Complaints Handling](#).

The review identified weaknesses in the following areas below.

- Written Complaints procedures
 - Complaints recognition
 - Governance arrangements
 - Volume of Complaints
 - Complaints outcomes
 - Complaints monitoring
 - Training and staff awareness
 - Record keeping
- On October 16, 2024, the DFSA issued a Dear SEO letter on the Key themes and findings from the 2024 DFSA [Thematic Review on Client Agreements and disclosure requirements](#) for Crowdfunding Platform Operators. The Key finding are outlined below.

Key themes and findings: Client agreements

- Disclaiming responsibility for information on the platform
- Property crowdfunding – Mandatory to have of Client Agreement between Operator and Seller
- Absence of requirement to read before accepting Client Agreements
- Amending Client Agreements
- Client Agreement – Key information and consent

Key themes and findings: Disclosure requirement

- Information about the service
 - Loan Crowdfunding – Information about the borrowers
 - Loan Crowdfunding – Assumptions used in calculating SME loan default or failure rates
 - Use of misleading terminology
 - Compliance arrangements
- On October 22, 2024, the DFSA published the findings of its [Thematic Review of Complaints handling](#) practices in the DIFC. The review comes against the backdrop of a consistently low number of reported complaints, even as the number of AFs, Clients and activities continue to grow across all sectors.

The key areas of focus in the review included:

- Complaints handling
 - Good Practice and Areas for Improvement
 - Outliers
- On October 24, 2024, the DFSA published their finding on the [Thematic Review](#) conducted on Crowdfunding Platform Operators (Operators) specifically focused on Client agreement and Disclosure requirements. For the details of the full report, [please click](#).
 - On November 15, 2024, the DFSA issued a notice [ZetaChain \(ZETA\)](#) in accordance with GEN Rule 31.3.4, is now on the DFSA's current list of Recognised Crypto Tokens and can be found on the DFSA website. The recognition comes into effect from the date of this Notice and remains in effect until further notice.
 - On November 19, 2024, the DFSA hosted an [Annual Outreach](#) having a successful event of 500 participants from across the financial services sector. Included was the [2024 Cyber Thematic Review](#) showing the DFSA's ongoing commitment to enhancing industry collaboration, innovation, and compliance.

Key findings as per the report were:

- Governance
- Baseline best practices
- Resilience

The Outreach featured comprehensive updates from the DFSA's Policy, Enforcement, and Authorisation Divisions giving insights into the latest regulatory developments, enforcement priorities, and licensing enhancements designed to streamline compliance processes. Supervision's secessions were focused on Innovation and Technology, Prudential, Conduct of Business, and Financial Crime Conduct including anti-money laundering and combating the financing of terrorism.

- On December 6, 2024, the DFSA issued a Dear SEO letter regarding the upcoming [High Growth and Self-Custody Thematic review](#). This Review will assess a subset of firms across the various sectors that are supervised in Conduct Supervision that have experienced high growth. The Review should help the DFSA understand the drivers for growth and assist them with their continued drive to apply a risk based, proportionate supervisory approach to support firms in achieving controlled and sustainable growth.

This Review will specifically focus on:

- Risks and Root Causes: Assessing high growth firms to better understand the risks, root causes and recommend actions to address those risks (as appropriate);
- Impacts: Assessing the impact of high growth on firms’ financial resources, systems and controls, processes, and staffing levels;
- Forward Looking: Understanding firms’ forward-looking expansion plans, including any challenges/barriers to growth in the DIFC; and
- Feedback: Wider dissemination of key findings and good practice to the industry to support firms with achieving growth in a controlled manner

The review will be predominantly desk-based.

Consultation Papers

- On October 8, 2024, the DFSA issued a notice of a [Consultation Paper Release: 161 – Enhancing Proportionality in Prudential Regulation](#). The deadline for providing comments was January 10, 2025. The purpose of this paper is to enhance, through a series of proposals, the proportionality of the Prudential regime for a large subset of Authorised Firms. This will ensure Prudential requirements are better weighted for firms with lower complexity and risk, acknowledging there is a logical relationship between increasing regulatory requirements and the growing risk profile of a firm. DFSA expects that the proposed model for capital and liquidity requirements will be more aligned to the risk profiles and business models of DIFC firms. This paper would be of interest to Category 3 firms within the DFSA.
- On October 11, 2024, the DFSA issued a [‘Feedback Statement’](#) on the [Consultation Paper No 157](#) regarding changes of DFSA’s Fees, the statement issued stated that the DFSA has taken into consideration the public comments received on the proposed changes. The objectives focus on achieving better alignment of the DFSA’s fees with the work the DFSA carry out and ensuring that similar activities attract similar fees.
- On October 22, 2024, the DFSA released a consultation paper No 162 on [Changes to the DFSA’s Statutory Objectives](#). The Consultation Paper was issued to seek public comments on the proposals to amend the statutory objective of the DFSA prescribed by the Regulatory Law DIFC No. 1 of 2004 (the Regulatory Law). The deadline to provide feedback via the online response form was on December 23, 2024.

- On December 12, 2024, the DFSA released consultation paper No 163 titled Miscellaneous. The consultation paper is to seek public comments on minor policy updates and amendments. The deadline for providing comments on this Consultation Paper was on January 13, 2025.

The topics covered in the minor changes are available in the links below.

- [Appendix 1](#) – Amendments to PIB
 - [Appendix 2](#) – Amendments to GEN
 - [Appendix 3](#) – Amendments to COB
 - [Appendix 4](#) – Amendments to FER
 - [Appendix 5](#) – Amendments to AMI
 - [Appendix 6](#) – Amendments to AML
 - [Appendix 7](#) – Amendments to GLO
 - [Appendix 8](#) – Amendments to IFR
 - [Appendix 9](#) – Amendments to MKT
- On December 20, 2024, the DFSA published the Notice of [Amendments proposed](#) on Consultation Paper No 159 (CP159) – Interest Rate in the Banking Book and Risk appetite statement and a [Feedback statement](#) on the public comments received on CP159. The relevant rule making instruments containing the final amendments to the DFSA’s PIB Rules, which will come into force on April 1, 2025, and January 1, 2026 respectively.

The DFSA Board made the following rulemaking instruments to come into force on [April 1, 2025](#):

- [PRUDENTIAL – INVESTMENT, INSURANCE INTERMEDIATION AND BANKING BUSINESS MODULE \(PIB\) RULE-MAKING INSTRUMENT \(No. 390\) 2024](#) (see [appendix 1](#) for the detailed amendments);

The DFSA Board made the following Rulemaking Instrument to come into force on January 1 2026:

- [PRUDENTIAL – INVESTMENT, INSURANCE INTERMEDIATION AND BANKING BUSINESS MODULE \(PIB\) RULE-MAKING INSTRUMENT \(No. 391\) 2024](#) (see [appendix 2](#) for the detailed amendments).

Enforcement Actions

- On October 3, 2024, a DFSA investigation by the DFS) has revealed that [OCS International Finance Limited \(OCS\)](#) had breached multiple DFSA Rules, including mismanaging USD 46 million (AED 168,820,000) of client funds, and misleading a bank and the DFSA. As a result, the DFSA imposed a fine of USD 720,905 (AED 2,645,721) on OCS, and USD 186,003 (AED 682,631) on its CEO, Mr Christian Franz Thurner.
- On November 5, 2024, it was announced that [Vedas International](#) Marketing Management was fined by the DFSA for unauthorised marketing with a financial penalty of USD 100,000 (AED 367,000). This was for conducting unauthorised Financial Promotions about the Multibank Group to individuals located in the DIFC; and engaging in misleading and deceptive conduct by representing that certain entities in the Multibank Group were regulated by the DFSA, when in fact, none of the promoted entities were.
- On November 26, 2024, the DFSA announced it has taken [Eight Enforcement actions and 24 alerts](#). These actions targeted individuals and entities that undertook unauthorised financial services activities, misled investors, failed to comply with anti-money laundering obligations, and misled the DFSA or obstructed DFSA investigations – compromising the integrity of the DIFC financial services sector. Overall, these decisive actions resulted in fines exceeding USD 2.5 million, including USD 1.3 million imposed on individuals and USD 1.2 million on firms. Three individuals were restricted and prohibited from operating within the DIFC, and the DFSA accepted an Enforceable Undertaking from another firm, committing it to take agreed remedial actions.

Matters of Clarification

- On October 1, 2024, the DFSA alerted the financial community to a [scam involving a fake bank statement](#) which claimed that the amount has been temporarily suspending by the DFSA. The DFSA strongly advises that you do not respond to the perpetrators of the scam, and under no circumstances should you send or give any money to any party connected to the scam.
- On October 21, 2024, the DFSA alerted the financial services community and the public to a fake letter in which both [the DFSA and a former President of the Financial Markets Tribunal \(FMT\)](#) have been impersonated. This scam is an advanced fee scheme, where scammers, claiming to represent an insurance firm, sent a letter falsely titled “Decision Notice” from the FMT. The letter alleges that the DFSA has placed a sum of money on hold, pending a satisfactory ruling by the FMT, which the DFSA has confirmed is false.

- On October 21, 2024, the DFSA alerted the financial services community and the public to a scam involving the impersonation of a DFSA Authorised Firm, [Liechtensteinische Landesbank AG](#) (the Firm). To appear legitimate, the scammers have created a fraudulent website that closely mimics the Firm's official site by copying its theme, content, name, logo and address. The DFSA strongly advises that individuals should not respond or engage in any communications regarding the above scam, and under no circumstances should you send or give any money to any party connected to the scam.
- On October 29, 2024, the DFSA alerted the financial services community and the public to an advance fee scam in which a DFSA Authorised Firm, [GMG \(Dubai\) Limited \(GMG\)](#), has been impersonated. The scammers have set up several fraudulent websites (gmg-limited.com, gmg-limited.tech, gmg-limited.online, and gmg-limited.pro, which are no longer available), containing links to documents, such as policies and terms and conditions, falsely claiming to be issued by GMG.
- On November 12, 2024, the DFSA alerted the financial services community and the public to a fake letter falsely claiming to be from [Crowe Finance Ltd](#) using the DFSA logo. Crowe Finance Limited is not authorised by the DFSA. The DFSA strongly advises you not to respond to any communications regarding this scam, and under no circumstances should you send or give any money to any party connected to this scam.
- On November 22, 2024, the DFSA alerted the financial services community to a scam involving the impersonation of [SNB Capital \(DIFC\) Limited](#) (the Real Firm), a DFSA Authorised Firm based in the DIFC. The Real Firm has no involvement in the scam. The scammers have created a fraudulent website (<https://snb-capital.net>) that closely mimics the Real Firm's website by using a fake name, referring to the firm's real address and are calling potential investors by phone to claim to represent the Real Firm sending links to the registration pages.
- On December 11, 2024 the DFSA raised an alert with regards to an [advance fee scam](#) in which the DFSA and an Authorised Firm were impersonated. The scammers have not only created fake websites but also have used false guarantee letters requesting advance payments.
- On December 12, 2024 issues an alert on the fraudulent use of the DSFA and Central Bank of the UAE logo's. The fake form was sent to individuals to retrieve their personal and private information including identification details under the guise of facilitating outgoing funds, purportedly linked to the CBUAE. [Click here](#) for full details.
- On December 16, 2024 the DSFA issued an alert stating that the scammers have used a fake email impersonating the DFSA and its chief operating officer requesting an advance fee. [Click here](#) for full details.

- On December 16, 2024 an Alert was raised by the DFSA to inform the financial services community to scam involving the impersonation of Nasdaq Dubai Limited. The scammer has created a fraudulent website which mimics the real authorised firm operating from the DFSA. Click [here](#) for full details
- On December 30, the DFSA alerted the financial services community and members of the public to a scam involving the impersonation of the DFSA. A scammer, using the alias “[Cristian Bogl](#)”, falsely claimed to represent at least two financial services firms. One of these firms is a legitimate DFSA Authorised Firm which has also been recently impersonated, and for which the DFSA issued an [Alert](#) on November 22, 2024. The DFSA is not aware that any real person named Cristian Bogl has any involvement in this scam. The DFSA is not aware of the true name or identity of the scammer. The DFSA strongly advises you not to respond to any communications regarding this scam, and under no circumstances should you send or give any money to any party connected to the scam.

News/Updates

- On October 16, 2024, the [DFSA and Moro Hub](#), a subsidiary of Digital DEWA the digital arm of Dubai Electricity and Water Authority PJSC, announced a strategic partnership to strengthen the DFSA’s approach to Information Technology (IT) and cybersecurity operations. The Memorandum of Understanding (“MoU”) was signed by the Chief Operating Officer of the DFSA and Vice Chairman and Group CEO of Digital DEWA, at GITEX Global 2024.

Events

- On October 16, the DFSA issued an invite to the "[Outreach session on Business AML Risk Assessment - Key Themes and Findings](#)" which will take place on October 23, 2024.

The session will cover:

- DFSA key themes and findings from Risk Assessments
 - How to conduct a Business AML Risk Assessment
 - Q&A Session
- On November 28, 2024, the DFSA held an outreach session on Complaints and Disclosures

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