

# Dubai Financial Services Authority ("DFSA") regulatory update Q1 2025



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## Regulatory horizon scanning and enforcement

**On January 15, 2025, the DFSA shared a SEO Letter on their findings from the 2024 Whistleblowing Thematic Review. The review was conducted in two phases:**

1. A survey aligned with specially developed key risk indicators and measure which was sent to 766 Regulated entities of which 738 completed the surveys. The responses provided an overview of the Regulated Entities' whistleblowing arrangements, policies, and procedures.
2. After the results of the survey were assessed, the DFSA identified Regulated Entities that may pose higher risk. 30 firms were selected across different business models where a follow-up desk-based review and/or visit was conducted.

The Review identified weaknesses in the following areas:

- ✓ **Whistleblower protection** - Regulated Entities must review their policies and procedures to ensure they adequately include reasonable measures to monitor and assess whether whistleblowers have suffered any detriment because of making a whistleblowing report and protect whistleblowers from suffering any detriment.
- ✓ **Policies and procedures** - Regulated Entities must review the adequacy of their whistleblowing policies and procedures to ensure they are appropriate to the nature, scale, and complexity of their business. The policies should include, but not be limited to, an indication of concerns that whistleblowers are expected to report, or alternatively, flagging that the definition of 'regulatory concerns' as defined in the relevant DFSA Rules apply. The policies should also include internal arrangements to allow for reports to be made by whistleblowers, and adequate procedures to deal with, assess and, where appropriate, escalate reports to the senior management of the Regulated Entities or, if necessary, to the DFSA or to any other relevant authority.
- ✓ **Governance** - Regulated Entities are required to review their whistleblowing governance arrangements to ensure that the appropriate level of management information is provided based on the size, nature, and complexity of the Regulated Entity to allow effective oversight of the entity, while maintaining the whistleblowers' confidentiality and protection.
- ✓ **Training and awareness** - Regulated Entities must review their approach to employee training and awareness on whistleblowing arrangements to ensure that employees are informed about the whistleblowing arrangements, including available protections, reporting channels, and escalation processes.

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- ✓ **Reporting channels** - Regulated Entities must ensure that arrangements are in place for employees to submit whistleblowing reports internally and communicate to employees on ways to report and available reporting channels. They should also inform employees of alternative reporting channels available to them through external parties, such as the DFSA or any other relevant authority, and ensure that this information is accurate and up to date. Regulated Entities should also review their reporting channels to ensure they are accessible to third parties, in accordance with the DFSA Guidance.
- ✓ **Feedback mechanisms** - Regulated Entities should review their whistleblowing policies and procedures to ensure they clearly articulate the arrangements to provide feedback to whistleblowers where appropriate and feasible.
- ✓ **Monitoring and testing** - Regulated Entities should review their approach to monitoring whistleblowing arrangements and consider developing and using key indicators for this purpose. They should also evaluate the approach to monitoring and assessing the overall effectiveness of their whistleblowing arrangements to ensure that they operate on an ongoing basis, effectively, and as intended.
- ✓ **Record keeping** - Regulated Entities must review their approach to record keeping and ensure that they maintain adequate records as per GEN Rule 5.4.3, AML Rule 15.3A.3, and AUD Rule 4.11.3, as applicable.

The DFSA has also provided specific risk mitigation programs, where necessary, to specific Regulated Entities to address deficiencies in their whistleblowing arrangements.

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**On January 16, 2025, the DFSA shared a SEO letter to DFSA Authorised Firms on Cyber incident notifications and Threat Intelligence platforms information sharing, given the increase in cyber incident notifications. The letter reminds Authorised Firms to:**

- ✓ Report material Cyber Incidents<sup>1</sup> to the DFSA as soon as reasonably practicable, using the Cyber Incident Notification form, as required in Rulebook GEN 5.5.19. The notification form is available on the DFSA e-Portal.
- ✓ Register in the DFSA's Cyber Threat Intelligence Platform to receive and share timely cybersecurity threat intelligence within the DIFC and the wider financial services community. The registration form is also available on the DFSA e-Portal.

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## Regulatory horizon scanning and enforcement

On February 4, 2025, the DFSA published its 2025-2026 Business Plan, underscoring commitment to advancing regulatory excellence, driving innovation, and fostering sustainable growth within the DIFC.

The Plan focuses on four key strategic themes:

- ✓ **Delivery** – Ensuring our regulatory framework remains effective and responsive to the evolving needs of the financial sector.
- ✓ **Engagement** – Strengthening our relationships with stakeholders and fostering a collaborative approach across the industry.
- ✓ **Innovation** – Embracing technological advancements to enhance our operations and keep DIFC at the forefront of the global financial landscape.
- ✓ **Sustainability** – Supporting initiatives that contribute to long-term economic, environmental, and social sustainability.

### Key priorities for 2025-2026 include:

- ✓ Reinforcing risk-based regulation
- ✓ Innovation and technology at the core
- ✓ Fighting financial crime and enhancing cyber resilience
- ✓ Investing in talent and culture

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## Regulatory horizon scanning and enforcement

**On February 10, 2025, the DFSA issued a Dear SEO letter to inform the public of the upcoming Conflicts of Interest Thematic Review. This cross-sector Review will examine how Authorised Firms identify, record, and manage conflicts of interest risks in respect of their business in the DIFC. The Review will be conducted in two phases:**

- ✓ The first phase began on February 10 and requires all Authorised Firms (except for Representative Offices) to respond to a survey questionnaire regarding their conflicts of interest arrangements.
- ✓ The second phase is expected to launch in Q2 2025 and will engage a subset of Authorised Firms to be selected following the conclusion of the first phase. It will involve a detailed review of each selected Authorised Firms' governance and control framework, including policies and procedures, and will include an on-site assessment visit.

Following the Review, the DFSA will share key findings and observed practices. The deadline to submit their responses was no later than February 28, 2025, via the DFSA ePortal.

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**On February 11, 2025, the DFSA published its thematic review on Targeted Financial Sanctions Compliance in the Insurance sector. The review examined insurance and reinsurance firms, focusing on screening practices, governance and oversight, notifications, record keeping, training, and independent reviews. While most firms demonstrated a commitment to compliance, the DFSA identified areas requiring further strengthening to align with UAE laws and DFSA expectations.**

While the findings were broadly positive, with most areas identified for improvement being in the documented control frameworks rather than the practical application of screening controls, there were areas requiring enhancements. These include:

- ✓ Enhancing Business and Customer Risk Assessments to explicitly document jurisdiction risk factors and the underlying insured risk;
- ✓ Ensuring that policies and procedures and related training material, explicitly reference all the UAE TFS obligations;
- ✓ Considering more granular Management Information to capture data on screening control and alert handling performance beyond exception reporting; and
- ✓ Ensuring that gap analyses are completed and adequately documented.
- ✓ Firms are encouraged to review their internal controls against the DFSA's findings to ensure effective and ongoing compliance with TFS obligations.



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## Regulatory horizon scanning and enforcement

On February 27, 2025, the DFSA proposed legislative changes that were set out in **Consultation Paper No 163** after due consideration of consultee's comments. The following Rulemaking Instruments to come into force on March 3, 2025.

- ✓ [PRUDENTIAL – INVESTMENT, INSURANCE INTERMEDIATION AND BANKING BUSINESS MODULE \(PIB\) RULE-MAKING INSTRUMENT \(No. 392\) 2025](#) (see [appendix 1](#) for the detailed amendments);
- ✓ [GENERAL MODULE \(GEN\) RULE-MAKING INSTRUMENT \(No. 393\) 2025](#) (see [appendix 2](#) for the detailed amendments);
- ✓ [CONDUCT OF BUSINESS MODULE \(COB\) RULE-MAKING INSTRUMENT \(No. 394\) 2025](#) (see [appendix 3](#) for the detailed amendments);
- ✓ [FEES MODULE \(FER\) RULE-MAKING INSTRUMENT \(No. 395\) 2025](#) (see [appendix 4](#) for the detailed amendments);
- ✓ [AUTHORISED MARKET INSTITUTIONS MODULE \(AMI\) RULE-MAKING INSTRUMENT \(No. 396\) 2025](#) (see [appendix 5](#) for the detailed amendments);
- ✓ [ANTI-MONEY LAUNDERING, COUNTER-TERRORIST FINANCING AND SANCTIONS MODULE \(AML\) RULE-MAKING INSTRUMENT \(No. 397\) 2025](#) (see [appendix 6](#) for the detailed amendments);
- ✓ [GLOSSARY MODULE \(GLO\) RULE-MAKING INSTRUMENT \(No. 398\) 2025](#) (see [appendix 7](#) for the detailed amendments);
- ✓ [ISLAMIC FINANCE RULES \(IFR\) RULE-MAKING INSTRUMENT \(No. 399\) 2025](#) (see [appendix 8](#) for the detailed amendments);
- ✓ [MARKETS RULES \(MKT\) RULE-MAKING INSTRUMENT \(No. 400\) 2025](#) (see [appendix 9](#) for the detailed amendments).

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## Regulatory horizon scanning and enforcement

On March 14, 2025, the DFSA [proposed legislative changes which were set out in Consultation Paper No 160](#), after due comments and has made the below amendments to the Rulebook which will come into force on January 1, 2026.

- ✓ [CONDUCT OF BUSINESS MODULE \(COB\) RULE-MAKING INSTRUMENT \(No. 401\) 2025](#) (see [appendix 1](#) for the detailed amendments);
- ✓ [AUDITOR MODULE \(AUD\) RULE-MAKING INSTRUMENT \(No. 402\) 2025](#) (see [appendix 2](#) for the detailed amendments);
- ✓ [GENERAL MODULE \(GEN\) RULE-MAKING INSTRUMENT \(No. 403\) 2025](#) (see [appendix 3](#) for the detailed amendments);
- ✓ [COLLECTIVE INVESTMENT RULES \(CIR\) RULE-MAKING INSTRUMENT \(No. 404\) 2025](#) (see [appendix 4](#) for the detailed amendments);
- ✓ [MARKETS RULES \(MKT\) RULE-MAKING INSTRUMENT \(No. 405\) 2025](#) (see [appendix 5](#) for the detailed amendments);
- ✓ [GLOSSARY MODULE \(GLO\) RULE-MAKING INSTRUMENT \(No. 406\) 2025](#) (see [appendix 6](#) for the detailed amendments).

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### Consultation papers

- ✓ On March 6, 2025, the DFSA released notice of [Consultation Paper No 165 – Proposed Changes](#) to the DFSA’s approach to licensed functions and Authorised Individuals. The deadline for providing comments on this Consultation Paper is May 5, 2025.
- ✓ On March 10, 2025, the DFSA released [Consultation Paper No.164 - Capital Requirement for Operational Risk](#). The deadline for providing comments is May 12, 2025.
- ✓ On March 14, 2025, the DFSA issued a [Feedback Statement](#) on the public comments received on [Consultation Paper No 160 \(CP160\)](#) – Updates to the Client Assets Regime. The relevant rule making instruments containing the final amendments (General Rulebook (“GEN”), Conduct of Business Module (“COB”), Collective Investment Rules (“CIR”), Glossary (“GLO”), Auditor Module (“AUD”), and the Market (“MKT”)), which will come into force on January 1, 2026, were also published.
- ✓ On March 20, 2025, the DFSA issued a Dear SEO letter on the “Updates to the Clients Assets Regime and Feedback Statement on CP160”. The updated rules will come into force on January 1, 2026.

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## Regulatory horizon scanning and enforcement

### Enforcement actions

- ✓ On January 24, 2025, the DFSA published a Decision Note against [Al Ramz Capital LLC \(Al Ramz\)](#), due to failings to report suspicious transactions, imposing a financial penalty of USD 25,000 (AED 91,813) on Al Ramz. However, Al Ramz has disputed DFSA's findings and have referred the Decision Notice to the Financial Markets Tribunal ("FMT"). The DFSA's decision is therefore provisional and reflects the DFSA's current understanding of Al Ramz's conduct. The FMT will determine what, if any, is the appropriate action for the DFSA to take. The DFSA's decision may be confirmed, varied, or overturned because of the FMT's review.
- ✓ A copy of the DFSA's Decision Notices can be found in the [Regulatory Actions section of the DFSA website](#).
- ✓ Information about pending FMT matters, including details of any public hearings, can be found on the [FMT section](#) of the DFSA website.

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### Matters of clarification

- ✓ On January 7, 2025, the DFSA alerted the financial services community and the public to a scam where the scammers, operating through their website ([nexus-invest.io](#)), [falsely claim to be authorised by the DFSA](#).
- ✓ On January 21, 2025, the DFSA alerted the financial services community and the public to a scam involving the impersonation of the DFSA. The scammers falsely claim that a firm called [Texas Pacific Group \("TPG"\)](#) is registered in the Dubai International Financial Centre ("DIFC") and authorised by the DFSA, using a fake license document.
- ✓ On February 11, the DFSA cautioned the financial services community about recent scams in which the [DFSA's public register web page has been cloned](#). The DFSA clarifies that, any web address claiming to be the DFSA's Public Register with a domain name starting with anything other than "dfsa.ae" is not legitimate; the legitimate Public Register website of the DFSA is available at [www.dfsa.ae/public-register/firms](#); and the companies mentioned in such fraudulent websites are not authorised by the DFSA. The DFSA recommends that you access the DFSA's Public Register from the DFSA's website ([www.dfsa.ae](#)) instead of doing so through a link provided by a third party.
- ✓ On February 12, the DFSA alerted the financial services community and the public to a scam in which a firm, Kalasantro, falsely claims to be regulated by the DFSA. The DFSA stated that Kalasantro Ltd is not, nor has ever been authorised by the DFSA and the legitimate website for the DFSA's public register is [www.dfsa.ae/public-register/firms](#).



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## Regulatory horizon scanning and enforcement

### Matters of clarification

- ✓ On February 14, the DFSA alerted the financial services community and the public to a scam in which the DFSA and its [Chairman have been impersonated](#). The scammers have sent fraudulent “letters of irrevocable guarantee” to an overseas corporation, using the DFSA’s name, logo, address, telephone and fax numbers without authority or permission.
- ✓ On February 24, 2025, the DFSA alerted the financial services community and the public to a scam involving the impersonation of a DFSA Authorised Firm, [GWP Management Limited \(trading as Gateway Partners\)](#). The scammers have created a fake firm name and a fraudulent website.
- ✓ On March 4, 2025, the DFSA alerted the public to a [recruitment scam involving the impersonation of the DIFC](#). 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.
- ✓ On March 18, 2025, the DFSA alerted the financial services community and the public to a [fake Telegram Channel in which the DFSA was impersonated](#). The scammers have set up a Telegram Channel inviting members of the public to invest, with a promise to generate profits of 100%.

Please note for all matters of clarification the DFSA strongly advises you not to respond to any communication regarding this scam, and under no circumstances should you send or give any money to any party connected to the scam.

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# Regulatory horizon scanning and enforcement

## News/updates

- ✓ On January 28, 2025, the DFSA announced the publication of a new [GFIN artificial intelligence \("AI"\)](#) report which they have co-led with the UK's Financial Conduct Authority ("FCA") on behalf of the Global Financial Innovation Network ("GFIN"). The GFIN AI report, titled [Key insights on the use of consumer-facing AI in global financial services](#), outlines key topics such as the transformative role of AI and machine learning ("ML"), with a focus on their application within risk management, customer service, fraud detection, and investment strategies.
- ✓ On February 25, 2025, the DFSA announced the appointment of [Mark Steward as Chief Executive](#), effective May 19, 2025 for a term of three years. Mark will also become a member of the DFSA Board of Directors effective May 19, 2025. Mark succeeds the DFSA's Chief Executive Ian Johnston who will step down from his role following two successful stints as the DFSA's Chief Executive. Mark joins the DFSA with over thirty years of international regulatory experience across financial services within Australia, the UK, and Hong Kong, where he has developed a deep understanding of the global regulatory landscape.
- ✓ On February 27, 2025, the DFSA [announced a significant 31% increase in the number of authorised firms in 2024](#), with 135 new entities added, bringing the total number of regulated entities to more than 900. This continued growth highlights the DFSA's ongoing commitment to strengthening the financial services sector within the DIFC, maintaining robust regulatory standards, and supporting a diverse financial ecosystem.
- ✓ On March 14, 2025, the DFSA announced the appointment of [Alan Linning as Managing Director for Enforcement](#), effective July 28, 2025. Linning, a highly respected legal and regulatory expert, has more than three decades of experience in law, enforcement, and compliance. He will lead the DFSA's Enforcement Division.
- ✓ On March 17, 2025, the DFSA invited firms to express their interest in participating in the [DFSA's Tokenisation Regulatory Sandbox](#), an initiative designed for firms seeking to offer tokenised investment products and services. The Sandbox will provide firms with an opportunity to test tokenised financial solutions, offering a regulatory pathway from experimentation to full authorisation. The Expression of Interest window opens from March 17, 2025, to April 24, 2025.

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## Events

- ✓ On January 17, 2025, the DFSA announced an outreach session on the [Key Themes and Findings from the Whistleblowing Thematic Review](#) on February 5, 2025. The session will cover i) key themes and findings of the review ii) good practices and areas for improvement) Q&A session.



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