Dubai Financial Services Authority regulatory update Q2 2026

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Regulatory horizon scanning and enforcement

Consultation Papers

CP172 – Islamic finance rules

On **May 5, 2026**, the Dubai Financial Services Authority ("DFSA") issued Consultation Paper ("CP") No. 172 proposing enhancements to its Islamic finance regulatory framework in three areas: (i) clearer criteria for determining when an Authorised Person is conducting Islamic financial business and therefore requires an Islamic endorsement, capturing firms that represent all or part of their business, a product, or a fund as Shari'ah-compliant, while excluding firms that merely distribute or provide access to Islamic products without making such representations, subject to existing client protection obligations; (ii) enhanced Takaful disclosure requirements covering contract features, fee calculations, surplus-sharing arrangements, and potential additional contributions, applicable regardless of whether the seller holds an Islamic endorsement; and (iii) targeted technical amendments to the Islamic Finance Rules ("IFR") module.

The consultation aligns with the UAE Strategy for Islamic Finance and Dubai's D33 Economic Agenda. It aims to enhance transparency and ensure consistency in application of Islamic finance principles within the Dubai International Financial Centre ("DIFC"). From a regulatory perspective, this indicates the DFSA's continued focus on strengthening market confidence and aligning with international best practices in Islamic finance supervision.

The deadline for providing comments on CP172 was June 19, 2026.

Click **link** to learn more.

CP170 – Operational resilience

On **March 27, 2026**, the DFSA published CP170, proposing a new operational resilience regime within the General Module ("GEN") built around five elements, namely: identifying critical business services, setting impact tolerances, mapping supporting resources and dependencies, testing resilience through severe-but-plausible scenarios, and notifying the DFSA of material disruptions. The regime shifts from prevention-focused risk management to an assumption that disruptions will occur, and firms must be able to continue delivering critical services through them. CP170 is positioned as a milestone for alignment with Principle 25 of the revised Basel Core Principles and the International Monetary Fund ("IMF")'s Financial Sector Assessment Program. It will apply to all DFSA-regulated firms, though only those identifying critical business services face the full regime.

The comment deadline was May 26, 2026, and implementation is expected by the end of 2026. Firms should therefore begin assessing existing business continuity arrangements against the five elements now. Click the **link** to learn more.

CP171 – Client money and crypto token reconciliation (technical amendment)

The DFSA clarified that the settlement-date reconciliation requirement under Conduct of Business ("COB") Rule A5.11.1(3) applies to client investments and crypto tokens but not to client money, which is instead reconciled on receipt of funds. CP17 accordingly proposes to delete COB Rule A5.11.1(3) and related guidance – a targeted technical fix to the COB framework rather than a substantive policy change.

The comment deadline was April 27, 2026 and the deletion took effect May 1, 2026. It is therefore already in force.

DIFC CP1 – Amended prescribed company regulations

On **April 30, 2026**, the DIFC Authority ("DIFCA") published CP1 of 2026, proposing to remove the remaining qualifying-purpose, qualifying-applicant and nexus-based eligibility requirements for establishing a DIFC Prescribed Company ("PC"), opening the regime to any applicant. In exchange, the proposals make appointment of a DFSA-regulated corporate service provider ("CSP") a standing requirement, with the CSP acting on the PC's behalf for administrative and compliance interactions with the DIFC Registrar, mirroring the criteria introduced in the variable capital company regulations. A related, minor amendment to the DIFC operating regulations would clarify the Registrar's power to collect financial information from Registered Persons for statistical reporting purposes.

The deadline for providing comments was June 2, 2026.

Click **link** to learn more.

DIFC CP3 of 2026 – Data protection regulations (AI amendments)

On **June 18, 2026**, the DIFC launched a public consultation on proposed amendments to its data protection regulations to address increasing use of AI and data-driven systems. The proposals refine Regulation 10 (governing personal data processed through autonomous and semi-autonomous systems), strengthening expectations around safe, ethical, and privacy-by-design development in what the DIFC defines as an AI-driven native jurisdiction, and clarify certification obligations and the role of an Autonomous Systems Officer ("ASO").

The proposals also introduce Regulation 11, giving the Commissioner of Data Protection new powers to accept accreditation and certification schemes.

The proposed amendments enhance data governance, accountability, and safeguarding of personal data, including clearer responsibilities and certification frameworks. From a compliance perspective, firms will need stronger controls around data protection and AI governance.

The deadline for providing comments was July 18, 2026.

Click **link** to learn more.

Rulebook amendments

Notice of amendments to legislation – following CP167

On **May 12, 2026**, following the close of CP167 (Proposed enhancements to the DFSA Rulebook to align with the Basel Core Principles), the DFSA Board made amendments across the GEN (Rule-Making Instrument ("RMI") No. 437), the Prudential – Investment, Banking and Insurance Module ("PIB") (RMI No. 438), the Glossary Module ("GLO") (RMI No. 439), and the IFR.

The amendments span several areas of the Rulebook. They introduce a formal glossary definition of Takaful and move Takaful disclosure requirements from the IFR to the COB Module so they apply consistently regardless of whether a product is marketed as Islamic. They also revise Tier 2 capital requirements for Category 1, 2, and 5 firms, strengthen governance by requiring credit risk management reporting to governing bodies and senior management, introduce a four-category framework for classifying credit exposures, and expand operational risk requirements to cover material changes to existing products, activities, processes, and systems.

Collectively, these amendments reinforce the DFSA's focus on stronger governance, more consistent application of its rules, and enhanced risk management. Firms should review the detailed appendices, identify any affected business areas, and update their policies, controls, and reporting processes to ensure they are aligned with the revised requirements before they take effect.

Effective January 1, 2027, firms have a defined runway to update credit risk classification methodologies, capital calculations, and operational risk policies ahead of that date. Click the **link** to learn more.

DFSA Fees Module ("FER") version 35

The consolidated Fees Module sets out application and annual fees for DFSA-regulated firms and other persons in the DIFC, including fees for Recognised Body and Recognised Member status, Authorised/Key Individual applications, fund passporting applications, delisting from the Official List of Securities, business transfer schemes under GEN Rule 12.1.5 and Article 108 of the Regulatory Law, and waiver/modification applications. Amendments introduce a new USD 3,000 application fee for Designated Non-Financial Business or Profession ("DNFBP") registration and replace the previous fixed USD 6,000 initial annual DNFBP fee with an amount calculated under FER Rule 3.7.1.

Effective as of April 1, 2026. Click **here**, **here**, and **here**, to learn more.

DFSA PIB – Activity-based capital requirement

New PIB Rule 3.8C introduces an activity-based capital requirement for Authorised Firms in Categories 3A, 3B, and 3C (with certain exclusions), replacing the prior expenditure-based capital minimum approach for those firms. The activity-based capital requirement ("ABCR") is the sum of three components: K-ASA (assets safeguarded and administered), K-AUM (assets under management) and K-COH (client orders handled), each with its own prescribed calculation. Amended PIB Rule 3.5.3 also updates the liquidity requirements, so that demand and time deposits must be held with a regulated bank or deposited taker to qualify as a liquid asset under the PIB module. These amendments are a part of the DFSA's broader proportionality reforms in prudential regulation.

These provisions originate from CP161 (May 2025) and were made final by the DFSA Board on April 30, 2025.

Enforcement actions:

On **May 12, 2026**, the DFSA took enforcement action against a reinsurance broker for misleading and deceptive conduct. The misconduct included manipulation of premiums and inaccurate client documentation, indicating serious failures in integrity and controls. The DFSA imposed a financial penalty and prohibited and restricted him from working for or being employed by a DFSA Authorised Firm, reinforcing its zero-tolerance stance on misconduct and its focus on maintaining transparency and trust in financial markets. This action highlights the importance of robust internal controls, documentation accuracy, and ethical conduct. Click the **link** to learn more.

Matters of clarification

On **May 15, 2026**, the DFSA issued a supervisory alert in relation to an impersonation scam. The alert clarified that the DFSA does not issue “Fund Release Certificates” and advised firms not to engage with or make payments in response to unsolicited communications. Firms are encouraged to verify any such communications through official DFSA channels. Click the **link** to learn more.

Please note:
The DFSA strongly advises not to respond to any suspicious communications and under no circumstances should any payment be made. All alerts issued by the DFSA may be accessed via the **Alerts** section on the DFSA website.

News / updates

DIFC economic relief package

On **April 9, 2026**, the DIFC introduced a targeted economic relief package to support tenants and regulated firms operating within the financial center. The package includes flexible payment plans, payment options for license fees, and grace periods for administrative obligations such as Registrar of Companies (“ROC”) filings and data protection requirements. The initiative provides liquidity support to firms facing operational pressures and reflects the DIFC’s proactive approach to maintaining business stability and continuity. Click the **link** to learn more.

DIFC to become the world's first AI-native financial centre

On **April 21, 2026**, the DIFC announced its ambition to become the world's first AI-native financial centre, embedding artificial intelligence at a foundational level across its legal and regulatory frameworks, business operations, talent development, ecosystem infrastructure, and physical environment, rather than piloting AI at the margins. The initiative builds on the AI strategy the DIFC set out in 2023 and the Regulation 10 data governance framework under the Data Protection Law. The DIFC expects the programme to generate USD 3.5 billion (AED 12.9 billion) in economic benefits and create 25,000 jobs, and intends to offer a full-stack AI campus combining regulation, training, compute, and physical AI, positioning the DIFC as the leading global destination for AI-in-finance firms. Click the **link** to learn more.

Dubai strengthens its position as a global financial hub

On **May 11, 2026**, the DIFC reaffirmed the strength and long-term outlook of its ecosystem, noting that global clients across banking, insurance, wealth management, and innovation sectors expressed continued confidence in Dubai and the UAE, notwithstanding a period of regional uncertainty in the preceding weeks. The DIFC highlighted continued growth in its insurance sector, with gross written premiums more than doubling to over USD 4.2 billion over the past four years, and market participants pointing to Dubai's growing role as a regional risk management and placement hub. The announcement referenced Dubai's rise to 7th place globally in the Global Financial Centres Index (its highest-ever ranking) as evidence of sustained institutional confidence. Click the **link** to learn more.

Oak Hill Advisors DFSA approval

On **June 16, 2026**, Oak Hill Advisors received DFSA regulatory approval to establish a presence in the DIFC. The firm manages approximately USD 112 billion in assets. This reflects a continued inflow of global asset managers and indicates increased regulatory focus on asset management activities, fund structures, and cross-border investment frameworks. Click the **link** to learn more.

Appointment of Armin Peter as Managing Director, Markets

On **June 3, 2026**, the DFSA announced the appointment of Armin Peter as Managing Director, Markets. This appointment strengthens DFSA's leadership oversight of capital markets, including listings, disclosure standards, and investor protection frameworks. The move reflects the DFSA's strategic focus on enhancing market infrastructure and transparency within the DIFC. From a compliance perspective, firms engaged in capital markets should anticipate increased supervisory focus on governance, disclosures, and market conduct practices. Click the **link** to learn more.

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