

Regulatory Update

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1. DIFC AND DFSA LATEST DEVELOPMENTS

1.1. DIFC's DFDF Spotlights Sustainability

On 8 February, the Dubai International Finance Centre ('DIFC'), co-anchored by the Dubai Future District Fund ('DFDF'), held its second oversight committee discussing its mission to invest AED1Bn to enhance the Dubai venture capital ecosystem. The DFDF invests to drive sustainable finance and innovation.

The committee has reviewed 25 investments since the DFDF's inception in 2022 and reflected on the 14 new investments deployed into five start-ups and three follow-on investments as well as six fund investments in 2023. The committee reinforced its decision to earmark 20% of DFDF to supporting climate technology and innovation, aligning with Dubai's Clean Energy Strategy 2050 and the UAE's Net Zero 2050 strategy.

The committee reviewed the success of its DFDF Venture Fellows programme supporting 12 Emirati professionals and entrepreneurs in addition to the Capital Fund Stimulation Programme supporting 40 participants across the United Arab Emirates ('AED') venture capital ecosystem.

The committee emphasised the importance of supporting start-ups not only by providing funding but also by creating value in the portfolio companies, scaling operations, and strengthening corporate governance. The committee also highlighted the collaborative efforts of government and private sector leaders to drive innovation, support start-ups, thereby contributing to the UAE's transition to a sustainable future.

The DFDF will focus on continuing its efforts to provide an integrated system supporting emerging companies. The DFDF will continue to provide financing, expertise, guidance and other support programmes such as business accelerators and capacity building initiatives, contributing to the growth and enhancement of benefits of an innovation stimulating business-friendly environment.

You can read the DIFC article [here](#).

1.2. DIFC Celebrates 20th Anniversary with Finance Events

On 19 February, the DIFC announced a series of finance events and activities to celebrate the centre's 20th Anniversary. The event will be held from 29 April to 29 May and will consist of an array of events including seminars, workshops, networking sessions and celebratory events.

Notable finance events include:

- Dubai World Insurance Congress on 29-20 April (Atlantis, Palm)
- Dubai FinTech Summit on 6-7 May (Madinat Jumeirah)
- HFM Summit 15 May (The Conference Centre, DIFC).

In April 2024, the DIFC will become a platinum partner to the AIM Summit hosted in London for alternative investment professionals.

You can read the DIFC article [here](#).

1.3. Global Cyber Alliance Partner with DIFC Academy to Enhance Cyber Strategies in the DIFC

On 29 February 2024, the DIFC Academy announced its partnership with the Global Cyber Alliance ('GCA') to provide small businesses with the tools and knowledge to enhance cyber strategies and reduce cyber risks. The UAE Middle East Institute noted that the United Arab Emirates ('UAE') deterred more than 71 million cyber-attacks in the first three quarters of 2023.

GCA, sponsored by Mastercard, will provide a cyber security toolkit for small businesses and entrepreneurs to add to the DIFC Academies comprehensive knowledge hub. The initiative will be found in the DIFC Academy's School of Future Skills.

You can read the DIFC article [here](#).

1.4. DFSA Issues First ESG Fee Waiver to Bank, Emirates NBD

On 5 February, the DIFC's Dubai Financial Services Authority ('DFSA') issued the first Environmental, Social and Governance ('ESG') fee waiver. The decision follows the COP28 announcement to waive all regulatory fees for issuers wishing to list sustainable-related debt securities in the DIFC. The latest issuance from Emirates NBD Bank PJSC ('Emirates NBD') demonstrates the initiative's positive effect on sustainable banking practices.

The waiver reflects Dubai's commitment to addressing global challenges and demonstrates the regulators' part in steering the financial sector to a more sustainable future.

The DFSA will accept both new and repeat issuers to make an application for the fee waiver.

You can read the DFSA article [here](#).

1.5. DFSA Issues Various Dear SEO Letters

The DFSA issues 'Dear SEO' letters by way of communicating with the DIFC community and regulated institutions on matters of interest or regulatory importance.

On 12 February, the DFSA issued 'Dear SEO Letter: Updated Regulatory Returns' to the crowdfunding platform operator community. SEOs were informed of the updated reporting requirements in form 'B470- Crowdfunding' in the Electronic Prudential Reporting Systems ('EPRS') with effect from Q1 2024. Affected firms can refer to the updated rulebook and guidance notes found in the Prudential Returns Module ('PRU') rulebook [here](#).

You can read the Dear SEO letter [here](#).

On 20 February, the DFSA issued 'Dear SEO letter: DFSA Cyber Risk Thematic Review 2024'. The letter informs stakeholders on a biennial thematic review on cyber risk management practices.

The regulator will be assessing:

- the maturity of authorised firms, authorised market institutions and registered auditors cyber risk management framework
- the application of the DFSA cyber risk management rules (found in General Module ('GEN') Rule 5.5)
- the firm's maturity growth since the 2022 review.

Firms will be required to complete the questionnaire online via the DFSA e-portal by 8 March. The DFSA Cyber Risk Management Rules came into force on 1 January 2024. Compliance with these Rules is mandatory. Firms are required to implement a cyber risk management programme, taking into account the nature, scale and complexity of business operations.

You can read the Dear SEO letter [here](#).

On 23 February, the DFSA issued 'Dear SEO letter: Key Themes and Findings from 2023 DFSA Risk Assessments: Private Banking Business Models'.

The letter follows numerous on-site risk assessments of authorised firms operating private banking business modules. The risk assessments evaluated compliance with the GEN, Conduct of Business ('COB') and Anti-Money Laundering, Counter Terrorist Financing and Sanctions ('AML') modules of the DFSA rulebook.

Weaknesses were noted in several areas including:

- general and conduct of business compliance:
 - firms' governance arrangements
 - resourcing of the compliance function
 - compliance with the client suitability requirements
 - client classification processes and procedures
 - outsourcing and reliance on head office/other group entities
 - handling of staff-related misconduct.

- financial crime systems and controls
 - assessing business AML risks
 - assessing customer AML risks
 - AML systems and controls
 - enhanced customer due diligence
 - ongoing customer due diligence
 - suspicious activity reports
 - outsourcing
 - AML training and awareness.

DFSA will elaborate on each of the key themes and findings from its risk assessments in an upcoming outreach session specifically for private banking business models.

The Dear SEO letter can be read [here](#) with detailed findings enclosed.

Further information

If you have any questions or concerns regarding these DIFC and DFSA developments and requirements, please contact [Nigel Pasea](#).

2. ADGM AND FSRA LATEST DEVELOPMENTS

2.1. ADGM Partakes in US Road-Show

On 5 February, the ADGM announced its participation in the 'iConnections Global Alts 2024' roadshow in Miami, United States ('US'). This is the largest capital introduction event, facilitating the meeting of alternative investment professionals to network, collaborate and discuss insights in the alternative investment field. As part of the event, the ADGM showcased its offerings and the delegation took stage as key speakers on the panel discussion 'En-Gulfing the Alts: Allocator Perspectives on Opportunities in the Middle East'. The event served as the first of many strategic engagements to open doors to new partnerships, facilitation of meaningful connections and further solidified the ADGM's international position. The delegation noted extensive interest from major US global asset managers in the hedge fund, private equity and venture capital space.

The ADGM has experienced a 52% growth in Assets Under Management ('AUM') in Q3, 2023 and following Abu Dhabi Finance Week 2023, expects a further 14 major financial institutions representing AUM US\$452Bn to establish operations in the ADGM.

You can read the ADGM article [here](#).

2.2. ADGM Partners with the Solana Foundation

On 7 February, the ADGM announced a Memorandum of Understanding ('MOU') with the Not-for-Profit Organisation ('NPO'), Solana. Solana is dedicated to decentralisation, adoption and security on the Solana network. This partnership will use such expertise and knowledge to enhance the Distributed Ledger Technology ('DLT') solutions and advance blockchain innovation. The collaboration will further expand the ADGM's offerings by exploring opportunities for joint initiatives and projects related to the blockchain. In addition, this collaboration strives to encourage engagement and expert feedback to evolve the ADGM's regulatory framework for the blockchain and Web3 ecosystems.

The partnership aligns with the ADGM strategic vision of becoming the central hub for technology-driven financial services following the DLT Foundation's Regulations.

You can read the ADGM article [here](#).

2.3. ADGM Academy Research Centre Hosts 'Quants for Quants' Conference

On 9 February, the ADGM reported on the success of its three-day conference 'Quantum Computing in Finance' or 'Quants for Quants' from 22-24 January. The conference tackled questions on the impact of quantum computing in finance and gathered nearly 300 leading experts from finance, quantum technology firms and academia. The conference discussed the current state of quantum computing through topics such as machine learning, algorithms, portfolio optimisation, forecasting and communications, amongst other topics. The central issue which was discussed was the impact of quantum computing on finance.

In addition, at the event, strategic partners Abu Dhabi Investment Authority ('ADIA') Lab, Imperial College London and Nanyang Technology University collaborated with ADGM Market Academy ('ADGMA') Research Centre to establish a new technological path for the future of quantum computing in finance from theory to practice.

You can read the ADGM article [here](#).

2.4. ADGM Signs MoU with Etihad Airways

On 29 February, the ADGM signed a Memorandum of Understanding ('MoU') with Etihad Aviation Group PJSC ('Etihad') to boost Abu Dhabi's status as a global business hub. The MoU will spearhead initiatives to build on the ADGM's value proposition by offering discounts and exclusive offers to ADGM registered entities in addition to various collaborations to promote both Etihad and ADGM initiatives.

You can read the ADGM article [here](#).

2.5. ADGM Publishes Consultation Paper

On 29 February, the ADGM published Consultation Paper No.1 of 2024 entitled "Proposed Enhancements to the Registration Authority's Investigative Powers".

The ADGM Registration Authority ("RA") has issued this Consultation Paper to invite public feedback and comments on proposed amendments to the Commercial Licensing Regulations 2015 ("CLR 2015").

A summary of the proposed changes are set out below:

- ability of the RA to record interviews
- ability of the RA to give directions on the conduct of interviews e.g. who can be present
- ability of the RA to enter the premises of a person under investigation during normal business hours to inspect and copy relevant documents stored at the premises
- ability of the RA to apply to the ADGM courts to recover costs of an investigation in specific circumstances
- introducing new contraventions such as failing to attend an interview, destroying documents, giving false or misleading information etc.

- requiring a person to give any assistance to an investigation, which they are able to give
- introducing protection for confidentiality of information and documents which are part of an interview
- increasing the fine level for failure to comply with a requirement of Registrar from level 6 to level 8
- increasing the fine level for contravention of a relevant requirement under the CLR 2015 from level 5 to level 8.

You can read the ADGM Consultation Paper [here](#).

Further information

If you have any questions or concerns regarding these ADGM and FSRA developments and requirements, please contact [Shadi Dajani](#).

3. MIDDLE EAST REGULATORY UPDATES

3.1. MOE Partakes in ‘Investopia London’ Global Investment Opportunities

On 1 February the UAE Ministry of Economy (‘MOE’) shared the success of a recent forum organised by Investopedia that took place in the presence of H.E. Abdulla bin Touq Al Marri, the Chairman of Investopedia, his speech discussed global investment opportunities in fintech, digital transformation, the new economy, financial markets and innovative banking services at the Investopia second global talk under the theme ‘UAE- British Financial Services: Partnership for the Future’ in London, United Kingdom, held on 31 January.

The forum discussed the key role of global financial markets in stimulating investments and driving sustainable economic development. H.E highlighted “Investopia was launched from the UAE in 2021 to serve as a leading global platform for investment and create promising opportunities in new economic sectors and emerging industries”. Speakers at the forum discussed developing the fintech sector in line with highest global standards as well as the development of investments in the fintech sector. The event attracted over 200 leaders, entrepreneurs, economists and investors.

You can read the MOE article [here](#).

3.2. UAE Removed from ‘Grey List’

On 23 February 2024, the UAE was removed from the Financial Action Task Force’s (‘FATF’) list of “Jurisdictions under Increased Monitoring”, the so-called “grey list”. The UAE has been on the grey list since its inclusion on 4 March 2022.

The FATF periodically reviews jurisdictions’ money laundering and terrorist financing framework against 40 recommendations and provides a risk assessment in addition to a remediation plan to address its ‘strategic deficiencies’.

The UAE prioritised its anti-money-laundering efforts in a drive spearheaded by the Minister of Foreign Affairs. The UAE has implemented several key reforms since its inclusion on the grey list including establishment of the Executive Office (‘EOCN’) and adoption of new Anti-Money Laundering (‘AML’)/ Counter Terrorist Financing (‘CTF’) guidelines for financial institutions and designated non-financial businesses and professions.

You can read the Reuters article [here](#).

3.3. MOF Announces Amendments to Tax Law Penalties

On 27 February, the Ministry of Finance ('MOF') announced an amendment to Cabinet Decision No. 75 of 2023 on the administrative penalties for violations related to the application of Federal Decree-Law No. 47 of 2022 on the taxation of corporations and businesses.

The amendment will allow an administrative penalty of AED10,000 for late registration of the UAE corporate tax applications falling outside the Federal Tax Authorities timeframes. Applicants must register with the tax authority within three months of the date of incorporation, establishment or recognition.

This decision via the issuance of Cabinet Decision No 10 of 2024 came into effect on 1 March 2024.

You can read the MOF article [here](#).

Further information

For any questions or concerns regarding these updates, please contact [Mohsin Ismail](#).

4. INTERNATIONAL UPDATES

4.1. FATF Updates Consolidated Ratings

On 28 February, the FATF published an updated consolidated ratings table. The table summarises jurisdictions' progress against the 40 FATF recommendations. The recommendations assess the jurisdiction's maturity against AML, CTF and PF measures. The consolidated assessment ratings table is required to be read in conjunction with the detailed mutual evaluation reports available on the Financial Action Task Force website.

You can read the table in full [here](#).

4.2. UN Updates Sanctions List

The UNSC has the authority to issue binding resolutions on United Nations ('UN') member states. The United Arab Emirates ('UAE'), as a member of the UN, is committed to implement the United Nations Security Council Resolutions ('UNSCR'), including those related to UN sanctions regimes.

On 7 February, the entries on the ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities subject to the assets freeze, travel ban, and arms embargo set out in paragraph 1 of Security Council resolution 2610 (2021) were amended.

The Security Council ISIL (Da'esh) and Al-Qaida Sanctions Committee amended 85 entries, as follows:

Details can be found [here](#).

On 20 February, the Security Council Committee established pursuant to resolution 1533 (2004) concerning the Democratic Republic of the Congo approved the addition of the entries to its Sanctions List of individuals and entities subject to the measures imposed by the Security Council.

Security Council 1533 Sanctions Committee added six entries to its sanctions list, as follows:

- Apollinaire Hakizimana
- Ahmad Mahmood Hassan

- Michel Rukunda
- Mohamed Ali Nkalubo
- William Amuri Yakutumba
- Willy Ngoma.

Details can be found [here](#).

Further information

For any questions or concerns regarding these updates, please contact [Mohsin Ismail](#).

5. ENFORCEMENT ACTIONS

5.1. DFSA Warns of Impersonation Scams

On 22 February, the DFSA alerted the DIFC community of a fake letter from the DFSA's senior management entitled 'Confirmation of Performance Undertaking'. The letter notifies firms that the Insurance Licence number to cover a project loan is no longer accepted by the DFSA and informs firms of a due payment for filing costs of US\$205,000 for facilities management to enable the release of the project loan.

The DFSA informs the community that the letter is fraudulent, it does not appoint a fiduciary in respect of its fees or activities, nor does it approve of the release of funds or charge filing costs for the approval of loan agreements.

You can read the DFSA alert [here](#).

On 28 February, the DFSA was subject to a second impersonation scam. The DFSA advises investors to be cautious of scammers impersonating legitimate DIFC incorporated and DFSA regulated firms. Scammers impersonated 'Rasmala Investment Bank Limited' ('RIBL') by using a similar name 'Rasmala Investment Company PJS', establishing a fake website with a similar logo, using RIBL's actual logo on its letterhead and WhatsApp profile picture and using the name, DIFC office address and DFSA reference number of RIBL.

The DFSA further warns the DIFC community of a fraudulent request to pay an 'additional 5% of the amount invested' to the 'DFSA account at the Central Bank of the UAE' before the investors' funds can be released. The request was found to be supported by a fraudulent document titled 'Approval of Release from the Tax Authority'. This occurs where scammers have approached investors for funds and successfully obtained them, particularly in conjunction with the impersonation of legitimate firms.

The DFSA informs the community that the DFSA does not charge such fees as stated above and is not associated with any tax authority. In addition, it informs firms that Rasmala Investment Company PJS is not authorised by the DFSA, incorporated in the DIFC, nor is it registered to the DIFC Registrar of Companies.

You can read the DFSA alert [here](#).

5.2. FSRA issues Several Alerts

The Abu Dhabi Global Market ('ADGM') Financial Services Regulatory Authority ('FSRA') issued several regulatory alerts.

On 2 February, the FSRA issued an alert pertaining to Sarwa Holdings falsely imitating the FSRA regulated entity Sarwa Digital Wealth (Capital) Limited. The false website, '<https://sarwaholdings.com>', is thought to have been

created for the aim of misleading investors and fraudulently harvesting personally identifiable information amongst other credentials.

On 2 February, the FSRA also warned investors of a second website scam using the name of the FSRA regulated entity Iceberg Capital Limited. The false website, 'https://icebergcapitals.com', is thought to be created to aid in fraud and is in no way associated with the regulated entity.

You can read the ADGM alert for Sarwa [here](#) and Iceberg [here](#).

5.3. ADGM Fines Six Firms for Breaching CRS Regulations

On 12 February, the ADGM fined six financial institutions a total of AED170,000 for contraventions of the Common Reporting Standards Regulations 2017 ('CRS'). The CRS governs the collection of financial account and tax-related information and acts as a global exchange between international regulatory bodies. The Common Reporting Standards were developed by the Organisation for Economic Co-operation and Development ('OECD') and established in the UAE in 2017.

In addition to the fines, the FSRA requires the firms to:

- follow due diligence procedures as required by the CRS
- keep records of the performance of due diligence
- report required information in a complete and accurate manner
- submit the required annual information return.

You can read the ADGM article [here](#).

5.4. ADGM's RA fines Audit firm, Baker Tilly, for Audit Failings

On 22 February, the ADGM Registration Authority ('RA') fined Baker Tilly and its registered Audit Principle, Neil Andrew Sturgeon ('Sturgeon') a total of US\$62,500 for serious failing and gaps in financial audit work carried out for two ADGM firms. The RA found significant breaches of the International Standards on Auditing ('ISA') in multiple areas of the audit process from planning and execution through to completing and reporting.

The fine was distributed as US\$50,000 against the firm; US\$12,500 against Sturgeon.

The FSRA stresses the importance of a high-quality audit in reinforcing the trust in financial reporting as this allows interested stakeholders to make informed decisions.

You can read the ADGM article [here](#).

Further information

For any questions or concerns regarding these updates, please contact [Mohsin Ismail](#).

ABOUT WAYSTONE COMPLIANCE SOLUTIONS

Waystone Compliance Solutions offers a new and unique approach to compliance services at a corporate level.

As a truly global partner, we have the capabilities to help you manage regulatory risk right across your organisation.

We can provide key services from initial registration and licensing to compliance programme integration. Our compliance solutions span business strategies, market activities, and operational and technology infrastructure, not to mention sales and marketing procedures. And we can do so anywhere in the world.

Our aim at Waystone is simple: to enable our clients to navigate the complex regulatory environment with confidence.

At Waystone, we have brought together the experience, the expertise, and the global reach to give you the certainty you need to address the ever-changing regulatory world. And by doing so, provide you with a secure route on the road to success.

<https://compliance.waystone.com/>

Consultancy Services & Support

- Compliance Advisory
 - o The Virtual Compliance Clinic
 - o Assurance Reviews
 - o Compliance Remediation
 - o Data Protection
 - o Financial Crime Prevention
 - o Corporate Governance
 - o Risk Management
 - o Prudential Rules & Regulatory Reporting
- Authorisation
- Outsourcing (Compliance Officer, MLRO, Finance Officer and Data Protection Officer)
- Documentation
- Training

If you wish to discuss how Waystone can assist you with any of the issues raised in this regulatory update, please contact us using the details below:

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This regulatory update provides information about the consultative documents and publications issued by various regulators which are still current, proposed changes to the Rules and Guidance set out in Handbooks, actual changes to Rules and Guidance that have occurred in the months leading up to the update and other matters of relevance to regulated firms. This regulatory update is intended to provide general summarised guidance only, and no action should be taken in reliance on it without specific reference to the regulators' document referred to therein.