



Regulatory Update

Middle East, October 2024

Issued 11 November 2024



Table of Contents

1. DIFC AND DFSA LATEST DEVELOPMENTS	3
1.1 DFSA Thematic Review on Complaints Handling Key Findings	3
1.2 DFSA Issues Dear SEO Letter on Crowdfunding Platform Operators	4
1.3 DFSA Publishes Thematic Review for Money Service Providers	4
1.4 DFSA Publishes Consultation Paper on Prudential Regime	5
1.5 DFSA Publishes Consultation Paper on DFSA Statutory Objectives	5
1.6 DFSA Publishes Notice of Amendments to Legislation	6
1.7 DIFC Announces Future Sustainability Forum	6
1.8 DFSA and Moro Hub sign MoU	6
1.9 DFSA Hosts Outreach Session On BARAs	7
1.10 DFSA Hosts Outreach Session On Client Assets Regime	7
2. ADGM AND FSRA LATEST DEVELOPMENTS	8
2.1 FSRA Issues Alert	8
2.2 ADGM Enhances Real Property and Off-Plan Development Regulations	8
2.3 FSRA Publishes Consultation Paper concerning the Regulatory Framework	8
2.4 FSRA Host Outreach Session	9
3. MIDDLE EAST REGULATORY UPDATES	9
3.1 SAMA Updates Rules for Debt-Based Crowdfunding	9
3.2 SAMA Publishes Compliance and Audit Principles	9
3.3 Oman Decrees Bank Deposits Protection Law	10
3.4 Oman Decrees Bank Deposits Protection Law	10
3.5 ADX Signs MoU With ADIB Securities	10
3.6 CBUAE National Summit on Financial Crime Compliance	10
3.7 VARA Announces New Regulations	11
4. INTERNATIONAL UPDATES	11
4.1 FATF Updates Consolidated Ratings	11
4.2 FATF Updates Grey List Criteria	12
4.3 FATF Plenary Week Outcomes	12
4.4 FATF Consultation Paper	12
5. ENFORCEMENT ACTIONS	13
5.1 DFSA Takes Action Against OCS International Finance Limited	13
5.2 FSRA withdraws Global Investments Limited FSP	13
5.3 VARA Issues Fines and Cease-and-Desist Orders	14
5.4 CBUAE Imposes Prohibition on Takaful Insurer	14
ABOUT WAYSTONE COMPLIANCE SOLUTIONS	15

1. DIFC AND DFSA LATEST DEVELOPMENTS

1.1 DFSA Thematic Review on Complaints Handling Key Findings

On 14 October, the Dubai Financial Services Authority ('DFSA') issued Dear SEO Letter 'Key Themes and findings from the 2023-2024 DFSA Thematic Review: Complaints Handling'. This letter notifies Authorised Firms ('AFs') of the key findings from the thematic review conducted on complaints handling, encompassing a review of the full lifecycle from the identification of complaints through to resolution and governance. The DFSA reviewed 580 completed surveys, which was a 93% completion rate, and undertook 29 follow-up visits to AFs for further assessment.

The review identified weaknesses in the following areas:

- written complaints procedures
 - o policies that inappropriately excluded complaints concerning fees, costs and other charges
 - o procedures that failed to include the process for recognising or handling oral complaints
 - o procedures that lacked appropriate detail on the steps to be taken when investigating a complaint
 - o policies that had not been reviewed or updated in several years
- complaints recognition
 - o a substantial number of AFs did not consider expressions of dissatisfaction resolved at the point of receipt as complaints and therefore failed to appropriately record or report them
 - o inconsistent definitions of a complaint used throughout the complaints handling policies and other documentation
 - o a small number of AFs placed inappropriate barriers for clients to make complaints
- governance arrangements
 - o failure to report any information on complaints to the governing body and senior management
 - o lack of independence in investigating complaints
 - o some AFs outsourced the investigation and handling of complaints to group entities without effectively overseeing the activities of the outsourced function
- volume of complaints
 - o AFs did not record and report all expressions of dissatisfaction made by their clients
 - o a discrepancy was found between the volume of complaints reported in the survey and the regulatory reporting
- complaints outcomes
 - o some AFs did not have adequate systems and controls to allow them to identify and remedy recurring or systemic problems identified
- complaints monitoring
 - o governing bodies and senior management not using management information to monitor complaints handling and resolution
 - o AFs failing to monitor complaints on a regular basis as part of the Compliance Monitoring Program ('CMP')
 - o AFs not considering complaints handling as a relevant area of focus as part of the initial scoping of internal audit reviews
- training and staff awareness
 - o complaints handling not being included as part of training for staff onboarding or on an ongoing basis
 - o failure to update complaints handling training materials
- record keeping
 - o failure to appropriately maintain complaints register.

The DFSA expects all AFs to take note of this review and consider further improvements to their systems and controls where appropriate.

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

1.2 DFSA Issues Dear SEO Letter on Crowdfunding Platform Operators

On 16 October, the DFSA issued a Dear SEO Letter 'Key Themes and findings from the 2024 DFSA Thematic Review: Client Agreement and disclosure requirements for Crowdfunding Platform Operators'. This letter seeks to share key themes and findings to promote best practice and high standards of regulatory compliance amongst operators. The DFSA requested operators to provide documents and certain information regarding their client agreement and website disclosures for review. The DFSA's assessment included desk-based reviews and interviews with Senior Executive Officers ('SEO') and Compliance Officers ('CO').

On the topic of client agreement, the key findings were as follows:

- various operators included limitation of liability clauses in their client agreement which is expressly prohibited under Conduct of Business ('COB') 3.2.2
- some operators did not have a formal Client Agreement with the seller of a property prior to listing that seller's property on their platform, contravening COB 3.3.2 and COB 12.1.6
 - o some relied on the Dubai Land Department ('DLD') Unified Contract or annexing the additional terms referred to in COB 12.1.6 to the DLD Unified Contract which does not qualify as a Client Agreement under the DFSA rules
- operators allowed clients to be onboarded without requiring them to read the Client Agreement i.e. clients were required simply to tick a box placed next to a link with the detailed terms and conditions
- operators unilaterally amended terms of client agreement by notifying the retail client via the website or other electronic means without specifying or complying with the requirement to provide at least 14 days' notice, contravening COB 3.3.3
- some operators failed to comply with COB A2.1.2(1) in regard to core information which should be included in client agreement with retail clients e.g. inadequate information on fees, costs and other charges.

On the topic of disclosure requirements, the key findings were as follows:

- operators did not disclose certain information, as required by COB 11.3.3, on their website e.g. eligibility criteria for lenders or sellers that use the platform
- loan crowdfunding operators did not provide all the information and disclosures required by COB 11.3.7 in relation to each borrower on its platform e.g. financial ratios or security being provided
- loan crowdfunding operators did not provide the assumptions relied upon to calculate expected default rates, creating difficulties for retail clients to evaluate overall performance of loans offered
- certain operators used terminology, which was inconsistent with DFSA terminology, unclear or misleading e.g. 'escrow account' to describe a client money account
- some operators did not include or adequately implement disclosures and agreements in their CMP.

The DFSA expects all operators to consider these findings and, where appropriate, consider further enhancements to their client agreement, website disclosures and associated systems and controls.

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

1.3 DFSA Publishes Thematic Review for Money Service Providers

On 9 October, the DFSA published its findings of the Thematic Review on Management of Operational Risk in Money Service Providers ('MSPs'). The DFSA's assessment included a desk-based review and subsequent interviews with key senior operations and compliance personnel.

Key findings were as follows:

- most MSPs were unable to provide evidence that their Operational Risk Policy was reviewed and approved by their governing body
- whilst MSPs were able to discuss and evidence strong customer authentication ('SCA') with the user security credentials ('USC'), implementation of the specific security measures and the associated processes were not documented
- various MSPs had operational risk management policies which did not specify how and where technical standards were documented, including appropriate measures to demonstrate compliance with Prudential – Investment, Insurance Intermediation and Banking Business ('PIB') Module 6.13.5
- some MSPs were unable to provide documentation evidencing their transaction monitoring systems and controls and that all the required risk factors had been considered.

The DFSA expects all MSPs to consider the findings in the context of their specific activities and obligations and, where appropriate, consider further enhancements to their systems and controls.

You can read the Thematic Review [here](#).

1.4 DFSA Publishes Consultation Paper on Prudential Regime

On 8 October, the DFSA published Consultation Paper 161 on 'Enhancing Proportionality in Prudential Regulation'. The paper seeks feedback on the proposed changes to the DFSA's prudential regime.

A summary of the key points are as follows:

- removal of expenditure-based capital minimum ('EBCM') for firms that do not hold client assets
- changing the size of EBCM for firms holding client assets from 18/52 to 13/52 of annual audited expenditure
- widening the scope of eligible assets for the liquidity requirement
- removal of amortisation and depreciation costs (on intangibles and fixed assets) from the calculation of the annual audited expenditure
- introduction of a new activity-based capital requirement
- removing the 'Basel regime' for firms dealing as agent i.e. removal of large exposure limits and Internal Capital Adequacy Assessment Process ('ICAAP') / Internal Risk Assessment Process ('IRAP') obligations so that they are treated like other firms under category 3
- changing the prudential category for matched principal dealers to category 2 and category 3A for Alternative Trading System ('ATS') operators
- changing Base Capital Requirement for (1) firms dealing as agent, (2) asset managers and fund managers, (3) fund custodians and trustees to funds
- removing the requirement on professional indemnity insurance ('PII')
- introducing minimum standards for PII in line with international practice
- expanding the scope of the Regulatory Returns Auditor's Report
- adjusting the EBCM for specific firms under prudential category 4.

You can read the consultation paper [here](#). Comments are welcome until 10 January 2025 and can be submitted [here](#).

1.5 DFSA Publishes Consultation Paper on DFSA Statutory Objectives

On 22 October, the DFSA published Consultation Paper 162 on 'Proposed Changes to the DFSA's Statutory Objectives'. The paper seeks public comment on its proposals to amend the statutory objectives of the DFSA prescribed by the Regulatory Law Dubai International Financial Centre ('DIFC') No.1 of 2004 ('Regulatory Law').

It is proposed that the Regulatory Law should be amended to introduce a secondary objective for the DFSA to act in a way which promotes the development of the financial services industry. This secondary objective will

only apply where the DFSA is pursuing its primary objective. The second proposal is that Article 8(3)(g) of the Regulatory Law should be amended to clearly clarify its application. In practical terms, the proposed amendments do not present a change to approach.

You can read the Consultation Paper [here](#). Comments are welcome until 23 December 2024 and can be submitted [here](#).

1.6 DFSA Publishes Notice of Amendments to Legislation

On 10 October, following the end of the consultation period of Consultation Paper 157, the DFSA announced a notice of amendments to legislation. Fees Module ('FER') Rule Making Instrument No. 289 of 2024 will come into effect on 1 January 2025.

A summary of the amendments are as follows:

- increasing the application fee for insurance management from US\$10,000 to US\$20,000
- increasing the application fee for operating a crowdfund platform from US\$5,000 to US\$10,000
- where an authorised firm applies to the DFSA only to remove an authorisation, endorsement activity or financial product from its licence, they must pay an application fee of US\$500
- increasing the application fee to register as a registered auditor and audit principal
- increasing the application fee for authorised individuals and key individuals
- where a listed entity is submitting a request to have its shares delisted from the Official List of Securities, they must pay the DFSA a fee of US\$2,500
- increasing the annual fee for a representative office from US\$4,000 to US\$6,000
- introducing annual fees for endorsements e.g. US\$1,000 for the endorsement to hold or control client assets.

You can read the announcement [here](#). You can read the detailed amendments [here](#).

1.7 DIFC Announces Future Sustainability Forum

On 22 October, the DIFC announced the second edition of the Future Sustainability Forum, to be held 4-5 December. The event will focus on sustainable development, environmental conservation, social equity, and innovation, aligning with UAE's sustainability goals. With over 3,000 participants expected, the forum aims to mobilise industry leaders, investors, and policymakers to advance the United Nations ('UN') sustainable development goals and the Paris Agreement. It also marks the first anniversary of COP28 in the UAE and aims to drive over US\$100Bn in sustainable finance by 2030.

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

1.8 DFSA and Moro Hub sign MoU

On 16 October, the DFSA and Moro Hub, a subsidiary of Digital Dubai Electricity and Water Authority ('DEWA'), have formed a strategic partnership to enhance the DFSA's IT and cybersecurity operations. The partnership was formalised with a Memorandum of Understanding ('MoU') signed at GITEX Global 2024, one of the world's largest technology events. The collaboration aims to strengthen the financial services sector's resilience against cyber threats by leveraging Moro Hub's digital solutions. The MoU sets a framework for ongoing cooperation through knowledge sharing, joint training, and collaboration on IT and cybersecurity projects.

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

1.9 DFSA Hosts Outreach Session On BARAs

On 23 October, the DFSA hosted an outreach session 'Business AML Risk Assessment: Key Themes and Findings'. Key takeaways from this session:

- Consideration of Relevant Risk Factors: firms need to address all relevant risk factors outlined in AML Module 5.1.1(b), ensuring they are thoroughly evaluated in risk assessments.
- Detailed Documentation of Risk Assessments: firms must provide a comprehensive description of the methodologies and justifications used in assessing inherent risk, control effectiveness, and residual risk. This should include a strong qualitative analysis supported by quantitative (numerical) evidence.
- Use of Up-to-Date Data for Geographic Risk: when evaluating geographic risk exposure, firms should rely on recent and relevant databases to ensure that their assessments accurately reflect current risks.
- Incorporation of UAE National Risk Assessment (NRA): firms must clearly reference and utilize the UAE National Risk Assessment as part of their risk analysis process.
- Regular Reviews: periodic reviews are essential to keep the risk assessment updated, addressing any changes in the firm's risk profile or regulatory environment.
- Consistency in Risk Scoring: there should be clear alignment between qualitative analysis and quantitative risk scores, particularly for inherent risk, control effectiveness, and residual risk. This consistency is vital for ensuring accurate risk assessment and decision-making.

The DFSA also provided a reminder to firms and their senior management:

- firms' senior management are required to carry out their responsibilities in the AML Module with due skill, care, and diligence
- responsibility for a firm's compliance with the AML Module lies with every member of its senior management
- firms must remain fit and proper to perform an AML function.

1.10 DFSA Hosts Outreach Session On Client Assets Regime

On 8 October, the DFSA hosted an outreach session 'Consultation Paper No.160 – Updates to the Client Assets Regime'. The DFSA communicated that they plan to have the amendments in place for March 2025 which will include the transitional period.

The key messages were as follows:

- protection of client assets remains a key regulatory priority for the DFSA
- the DFSA has a low tolerance for misappropriation or mismanagement of client assets
- Client money and safe custody auditor reports are an important source of intelligence for the DFSA
- the DFSA conducts an annual review of client money and safe custody auditor reports, from which key issues and themes have been fed into the proposals for Consultation Paper 160.

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 FSRA Issues Alert

On 4 October, the Financial Services Regulatory Authority ('FSRA') issued an alert concerning misleading claims made by an entity or purported entity named 'For Life Professional Services', trading as 'For Life Pro' on the website at URL: <https://for-life.pro>.

On the website, the entity purports to:

- provide access to a platform that offers access to trading in virtual assets and securities
- provide services to help users purchase, manage, sale and rent real estate
- falsely claims that it is regulated by the FSRA.

The FSRA advises the public that For Life Pro is not, and has never been, authorised by the FSRA nor incorporated in the Abu Dhabi Global Market ('ADGM').

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

2.2 ADGM Enhances Real Property and Off-Plan Development Regulations

On 10 October, the ADGM introduced enhancements to its Real Property Regulations and launched a digital platform, [AccessRP](#), as part of its strategic expansion to Al Reem Island. These initiatives aim to support the growth of the real estate sector, attract global and local investors, and promote digital transformation. The platform offers unified services for real estate transactions, off-plan developments, and property management. The updated regulatory framework aligns with English Common Law, enhancing transparency, compliance, and stakeholder protection, with provisions for short-term leases, off-plan sales, and professional registrations.

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

2.3 FSRA Publishes Consultation Paper concerning the Regulatory Framework

On 29 October, the FSRA published Consultation Paper No.9 of 2024 'Proposed Enhancements to the Regulatory Framework of the FSRA'. The FSRA seeks to ensure that their regulatory framework continues to be aligned with best practices, following the ensuing standards: Core Principles for Effective Banking Supervision issued by the Basel Committee on Banking Supervision, Objectives and Principles of Securities Regulation issued by the International Organisation of Securities Commissions and the Insurance Core Principles issued by International Association of Insurance Supervisors.

A summary of the proposed changes are as follows:

- enhancing corporate governance
 - o require the governing body of banks and insurers to have a majority of non-executive directors and at least one independent director
 - o require the establishment of audit, nomination, risk and remuneration committee for banks and insurers
- update the Prudential Returns Module ('PRU')
 - o enable the FSRA to designate an authorised person with the activities or accepting deposits or managing an unrestricted profit-sharing investment account ('PSIA') a Domestic Systemically Important Bank ('D-SIB')
 - o enable the FSRA to impose additional capital buffers, high minimum leverage ratios and lower large exposure limits for D-SIBs
- give additional guidance for country risk and transfer risk
 - o this includes the elements which should be contained in an authorised person's policy including stress testing and disclosures

- clarify regulatory expectations pertaining to stress testing
- add criteria for 'Connected Counterparties' and 'Closely Related' counterparties
 - o definition of Connected Counterparty to include additional criteria indicating control
 - o definition of Closely Related to address the concept of economic interdependence between counterparties
- add criteria and guidance for classifying bank exposures
- new rule for authorised persons under category 1,2 and 5
 - o require them to give sufficient prior notification to the FSRA of any major acquisition, investment or establishment of new subsidiary that falls under set categories
 - o the FSRA would have the power to reject any proposal or impose conditions for it to proceed.

You can read the Consultation Paper [here](#). Comments are welcome until 28 November.

2.4 FSRA Host Outreach Session

On 29 October, the FSRA held its Annual Outreach Session to communicate its strategic path. Representatives from the different FSRA units spoke about their strategic path forward including Authorisation, Supervision, FinTech, Legal, Policy and Enforcement. Some of the looming updates include issuing consultation papers on aligning the current FSRA regulations to the leading standard setters such as Basel for Banking, IAIS for Insurance and IOSCO for Securities. Moreover, the FSRA is planning on identifying rules and guidelines related to the Information Technology Risk Management Framework before the end of 2024.

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 SAMA Updates Rules for Debt-Based Crowdfunding

On 17 October, the Saudi Central Bank ('SAMA') issued updated 'Rules for Engaging in Debt-Based Crowdfunding' aimed at enhancing regulation and supporting the growth of the finance and FinTech sectors. Key updates include increased disclosure requirements, such as default rates, and allowing crowdfunding companies to finance beneficiaries. Companies may also provide funding over SAR7.5Mn to large commercial enterprises, licensed real estate developers, or in the event of obtaining a written no-objection from SAMA.

You can read the SAMA article [here](#). You can read the updated rules [here](#).

3.2 SAMA Publishes Compliance and Audit Principles

On 10 October, SAMA issued 'Compliance Principles' and 'Internal Audit Principles' for finance and real estate refinance companies to strengthen sector stability. These principles provide a regulatory framework that clarifies the roles of the board of directors and executive management in compliance and internal audits, tailored to company size and business scope, and aligned with best practices.

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

3.3 Oman Decrees Bank Deposits Protection Law

On 16 October, the Sultanate of Oman issued Royal Decree No. (47/2024), enacting the Bank Deposits Protection Law to safeguard deposits in case of a bank default. The law aims to protect 'small depositors' through a swift compensation system, enhancing confidence in the banking sector and minimising the effects of systemic risks in the banking sector. The main provisions of the law are the establishment of two independent funds for Islamic and conventional banks respectively, ensuring compliance with Shari'a for Islamic deposits. Deposits up to OMR20,000 are fully compensated, and larger deposits receive a maximum compensation of OMR20,000. The law applies to all licensed banks in Oman and automatically covers eligible deposits at no cost to depositors.

You can read the Central Bank of Oman article [here](#). You can read the Royal Decree [here](#).

3.4 Oman Decrees Bank Deposits Protection Law

On 14 October, the Central Bank of Oman ('CBO') issued a circular urging banks to integrate climate risk management across governance, strategy, and risk assessment, in alignment with Oman's Net Zero Strategy. The circular advocates adopting Environmental, Social, and Governance ('ESG') practices, sustainable finance initiatives, and capacity building, encouraging banks to offer green financial products and educate the public on sustainability. All banks in Oman must submit an implementation plan by June 2025. Key requirements on governance and strategy will take effect by mid-2026, with climate-related disclosures required by the end of 2026. The CBO aims to guide Oman's banking sector towards a resilient, low-carbon economy.

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

3.5 ADX Signs MoU With ADIB Securities

On 16 October, the Abu Dhabi Securities Exchange ('ADX') signed a MoU with Abu Dhabi Islamic Bank ('ADIB') Securities, a wholly owned subsidiary of ADIB, to create an integrated digital onboarding platform aimed at enhancing the investor experience. This collaboration will simplify the process of obtaining a national investor number ('NIN') and accessing trading accounts on ADX by incorporating these functions directly into the ADIB Securities mobile app through financial Application Programming Interface ('APIs'). The initiative reflects a commitment to streamline onboarding and improve accessibility to investment opportunities, with ADIB emphasising digital transformation, as evidenced by 80% of its customers engaging with digital platforms.

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

3.6 CBUAE National Summit on Financial Crime Compliance

On 9 and 10 October, the Central Bank of UAE ('CBUAE') hosted the National Summit on Financial Crime Compliance, bringing together high-level local and international experts and decision-makers from regulatory bodies and law enforcement authorities.

The first day of the summit addressed a variety of topics, including national and regional strategies for managing financial crime risks, ways to turn these threats into opportunities, and approaches for mitigating risks related to proliferation financing and trade-based money laundering.

Day two centred on the application of artificial intelligence in anti-money laundering ('AML') controls and reviewed the role of law enforcement authorities in relation to Financial Action Task Force ('FATF') immediate outcomes 6, 7, and 8, highlighted supervisory priorities.

You can read the CBUAE conclusion statement [here](#).

3.7 VARA Announces New Regulations

The Virtual Assets Regulatory Authority ('VARA') has announced new regulations and guidance concerning the marketing of Virtual Assets ('VAs') and related activities. The new Marketing Regulations replaced the previous regulations and took effect on 1 October 2024. Entities approved by VARA under the previous regulations may continue their marketing activities for up to ninety days after the new Marketing Regulations are implemented, provided they adhere to the specific terms and conditions outlined in their approval.

The Marketing Regulations apply to all marketing efforts related to VAs and VA Activities that occur within, or target clients based in Dubai, regardless of whether the entities involved are domestic or international or whether they are authorised by VARA. All marketing concerning Virtual Assets or Virtual Asset Activities targeting the UAE must comply with the Marketing Regulations, be conducted by or on behalf of a VARA-licensed Virtual Asset Service Provider ('VASP') and receive approval from that VASP.

This marks a change from previous regulations, which allowed non-licensed entities to conduct marketing as long as they obtained authorisation from VARA and held a valid permit for the Virtual Asset Activities they were promoting in their respective jurisdictions.

Other notable changes include:

- a broader definition of marketing, encompassing various activities
- a ban on Anonymity Enhanced Cryptocurrencies
- an amended territorial definition that now refers to the UAE instead of just Dubai.
- additional factors that qualify as marketing efforts, including the use of social media influencers and chatrooms
- new obligations regarding the presentation of marketing materials, with Airdrops now classified as marketing activities
- restrictions on incentives to ensure clients remain aware of the risks associated with VAs and VA activities
- third-party agents are now responsible for confirming that the companies they engage for marketing activities possess the appropriate licenses
- VARA has also confirmed some exemptions to the rules, meaning that certain marketing activities may not fall under the Regulations and Guidance.

You can read the new regulations [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 30 October the Financial Action Task Force ('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, counter terrorist financing ('CTF') and proliferation financing measures.

You can read the consolidated rating table [here](#).

4.2 FATF Updates Grey List Criteria

On 17 October, the FATF announced that it updated its criteria for listing countries to focus on those posing the greatest risk to the global financial system, aiming to reduce pressure on least developed countries ('LDCs'). These reforms prioritise reviews for FATF members, countries on the 'World Bank High-Income Countries' list, and nations with financial sector assets above US\$10Bn. If a jurisdiction is considered a LDC by the United Nations, they will not be prioritised for active review unless it is agreed by FATF that they pose a significant risk. LDCs that do enter the review process will have a longer observation period to work on progress against their recommended actions i.e. a two-year observation period to address deficiencies. FATF expects these changes to reduce low-capacity countries on its lists by half in the next assessment cycle.

You can read the FATF publication [here](#).

4.3 FATF Plenary Week Outcomes

On 25 October, the first FATF Plenary under the Presidency of Elisa de Anda Madrazo of Mexico concluded with significant achievements and discussions. Over 200 jurisdictions participated in the three-day meeting, focusing on key money laundering, terrorism financing, and proliferation financing issues.

A major milestone was reached with the approval of assessment reports for Argentina and Oman, ending FATF's fourth assessment cycle and preparing for a more targeted, risk-based round of evaluations. Senegal was removed from jurisdictions under increased monitoring ('the grey list'), and updated statements were issued on high-risk and other monitored jurisdictions. There were no changes to high-risk jurisdictions subject to a Call for Action ('the black list'). The FATF also sought public input on revised standards for financial inclusion and approved guidance on national risk assessments.

For the first time, the Cayman Islands and Senegal attended as guest participants, supporting FATF's aim to increase inclusivity. Discussions included cross-border payment standards, terrorism financing risks, and efforts to prevent misuse of FATF requirements against nonprofit organisations.

You can read the FATF publication [here](#).

4.4 FATF Consultation Paper

On 28 October, FATF announced that it is considering revisions to its recommendations, particularly recommendation 1, along with recommendations 10 and 15, to better support financial inclusion. This effort is part of FATF's initiative to address unintended impacts of AML and CTF measures. The proposed updates emphasise a proportional, risk-based approach, promoting simplified measures to give countries and financial institutions greater confidence in implementing these measures. FATF invites feedback from stakeholders regarding the proposed changes.

FATF particularly welcomes views on the following:

- FATF is considering replacing the term 'commensurate' with 'proportionate' in recommendation 1 to clarify expectations on applying the risk-based approach and to better align with financial inclusion frameworks.

- FATF is evaluating amendments that would require supervisors to 'review and take into account the risk mitigation measures' implemented by financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs).
- FATF proposes changing the language concerning simplified measures in lower-risk situations from 'countries may decide to allow simplified measures' to 'countries should allow and encourage simplified measures'; this change would require countries to actively promote an environment supporting simplified measures.
- FATF proposes adding a qualification to the guidance on 'non-face-to-face customer identification and transactions' as a higher-risk situation, this is to acknowledge that technological advancements in digital identity systems can reduce risks associated with non-face-to-face interactions.

You can read the FATF publication [here](#). Comments are welcome until 6 December.

Further information

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

5. ENFORCEMENT ACTIONS

5.1 DFSA Takes Action Against OCS International Finance Limited

On 3 October, the DFSA revealed that OCS International Finance Limited ('OCS') had breached multiple DFSA rules. This included the mismanagement of US\$46Mn of client funds and instances of misleading conduct, resulting in fines of US\$720,905 for OCS and US\$186,003 for its CEO, Mr Christian Franz Thurner. Mr. Thurner has been banned from holding executive positions or performing financial services within the DIFC. OCS breached several DFSA regulations, including mishandling client funds, consistently failing to meet DFSA's regulatory reporting requirements, submitting false documents, and obstructing the DFSA's investigation, undermining trust in the DIFC's financial sector.

You can read the DFSA article [here](#). You can read the Decision Notice against OCS [here](#). You can read the Decision Notice against Mr. Thurner [here](#).

5.2 FSRA withdraws Global Investments Limited FSP

On 30 September, the FSRA issued a Final Decision Notice against Global Investments Limited ('GIL') for committing multiple contraventions.

A summary of breaches are as follows:

- maintain, at all times, capital resources which equal or exceed the amount of its capital requirement and satisfy the capital adequacy requirements applicable to GIL
- notify the Regulator that it has breached its capital requirement
- comply with a condition of its financial services permission ('FSP')

- submit within four months of its financial year end a number of regulatory filings required including, an annual report on GIL's controllers, a Financial Statement Auditor's Report, a Regulatory Returns Auditor's Report and an IRAP
- complete AML Returns for the years 2021, 2022 and 2023
- pay the Regulator the annual supervision fees for the years 2022, 2023 and 2024

Pursuant to section 33 of the Financial Services and Markets Regulation 2015, the FSRA has decided to cancel the FSP of GIL.

You can read the Decision Notice [here](#).

5.3 VARA Issues Fines and Cease-and-Desist Orders

On 9 October, Virtual Assets Regulatory Authority ('VARA') announced that it is intensifying enforcement efforts to protect Dubai's virtual asset ecosystem by targeting unlicensed firms. It has issued cease-and-desist orders and fines ranging from AED50,000 to AED100,000 to seven entities for operating without licenses and violating marketing regulations. Investigations are ongoing in collaboration with local authorities, and all involved entities have been informed to stop all activities and marketing. VARA emphasises that only licensed firms can provide virtual asset services in Dubai, urging the public to avoid unlicensed entities to mitigate financial and reputational risks

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

5.4 CBUAE Imposes Prohibition on Takaful Insurer

On 2 October, CBUAE announced that it has prohibited a takaful insurer from issuing or finalising new motor and health insurance contracts, including renewals, in accordance with Article 33 of Federal Decree Law No. (48) of 2023 concerning the Regulation of Insurance Activities. The insurer is still responsible for all rights and obligations from contracts established prior to this prohibition. This decision was made due to the insurer's failure to meet the minimum capital requirements. The CBUAE has provided the insurer with a six-month period to rectify its solvency status and adhere to its directives.

You can read the CBUAE 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:

Email : compliancesolutions@waystone.com

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

Tel : Dubai +971 4 323 0800 | Abu Dhabi +971 2 440 2146

or write to us at:

Waystone Compliance Solutions
Level 2, Gate Village Building 7,
Dubai International Financial Centre (DIFC),
Dubai, PO Box 506733,
United Arab Emirates

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.