



Regulatory Update

Middle East, March 2025

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1. DIFC AND DFSA LATEST DEVELOPMENTS

1.1 DFSA Issues a Scam Alert

On 4 March, the Dubai Financial Services Authority ('DFSA') issued a public alert regarding recent fraudulent schemes in which individuals falsely claimed to be associated with the Dubai International Financial Centre Authority ('DIFCA') on social media. The scheme involved fraudulent recruitment for an internship program allegedly organised by DIFCA, offering fake employment contracts, and requesting recruitment and visa fees.

The DFSA asks for the public to be aware that:

- DIFCA staff do not collect deposits for accommodation or collect visa or other fees as part of its recruitment process
- any recruitment advertisements on social media platforms or unsolicited communications suggesting otherwise are fraudulent.

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

1.2 DFSA Holds Cyber Workshop

On 5 March, the DFSA hosted a Cyber Risk Workshop. The session highlighted several crucial points about risk management, integration, and data privacy in the context of cybersecurity, including Artificial Intelligence ('AI') systems and threat intelligence platforms. The DFSA also provided practical advice for firms looking to engage with its Threat Intelligence Platform ('TIP'), which was launched in 2020 to help firms in the Dubai International Financial Centre ('DIFC') implement appropriate safeguards to mitigate against cyber risks.

The key areas of discussion were as follows:

- definitions and types of threat intelligence and traffic light protocol used by TIP
- sources of cyber threat intelligence platforms
- integration with TIP
- overview of the DFSA's guides on integration, user guide and use case guide.

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

1.3 DFSA Publishes Consultation Paper on Licensed Functions and Authorised Individuals

On 6 March, the DFSA published Consultation Paper No. 166 "Changes to the DFSA's Approach to Licensed Functions and Authorised Individuals".

The paper seeks feedback on the following changes:

- removal of the requirement for the DFSA's prior approval for the appointment of compliance officers, finance officers, and senior managers, reclassifying them as Designated Functions and Individuals
- clarification of the assessment criteria that Authorised Firms should apply when selecting individuals for Designated and Authorised Individual roles
- clarification of the definition of a compliance officer
- consideration of whether finance officers should remain a mandatory function for certain low-risk firms
- clarification of the definition of a senior manager
- extension of the Principles for Authorised Individuals to all staff involved in activities related to Financial Services or the management of an Authorised Firm.

You can read the Consultation Paper in full [here](#). Comments are welcome until 5 May 2025 and can be submitted [here](#).

1.4 DFSA Publishes Consultation Paper on Capital Requirements

On 10 March, the DFSA published Consultation Paper No. 164 “Capital Requirements for Operational Risk”. The paper seeks feedback on the proposed changes to the DFSA’s prudential regime and proposes transitioning from the Basel 2 framework to the revised Basel 3 framework for calculating regulatory capital requirements related to operational risk for firms in the DIFC.

Currently, firms use either the Basic Indicator or the Alternative Standardised Approach under Basel 2 to calculate their capital requirements. This approach, however, has been deemed less reliable, especially following the financial crisis. The paper also notes that international best practices were considered in forming these proposals, with examples from regulatory bodies such as the Australian Prudential Regulation Authority (‘APRA’), the Monetary Authority of Singapore (‘MAS’), and the UK Prudential Regulation Authority (‘PRA’).

You can read the Consultation Paper in full [here](#). Comments are welcome until 12 May 2025 and can be submitted [here](#)

1.5 DFSA Releases Feedback on Updates to Client Assets Regime

On 14 March, the DFSA released a Feedback Statement on Consultation Paper 160 “Updates to the Client Assets Regime”. The statement aims to provide Authorised Firms with a clearer understanding of the regulatory expectations and updates to the regime, ensuring greater transparency in the management of client assets. The updated rules will come into force on 1 January 2026, allowing firms sufficient time to prepare for compliance.

Key feedback points include:

- fund property of foreign funds and sub-delegation of investment management
- client assets crisis preparedness pack
- client assets auditor’s report and reporting to DFSA on auditor’s findings
- third-party agent suitability assessment
- client disclosures
- client asset reconciliations
- client investments reporting
- transition period.

Firms are encouraged to review these updates to ensure full compliance with the new requirements by the effective date.

You can read the DFSA’s feedback [here](#).

1.6 DFSA Amends its Client Assets Legislation

On 14 March, the DFSA released a notice of amendments to its legislation following the conclusion of the consultation period on the changes to the client assets regime. These amendments reflect the feedback received during the consultation and outline the updated regulatory requirements for the management of client assets.

Firms are encouraged to review the amendments to ensure ongoing compliance with the revised rules.

The following amendments to the DFSA regulatory frameworks are effective from 1 January 2026:

- Conduct of Business Rulebook ('COB')
- Auditor Module ('AUD')
- General Rulebook ('GEN')
- Collective Investment Rules ('CIR')
- Market Rules ('MKT')
- Glossary Rulebook ('GLO').

You can find full details of the implemented changes [here](#).

1.7 DFSA Seeks Expressions of Interest for Tokenisation Regulatory Sandbox

On 17 March, the DFSA invited firms to submit their Expression of Interest ('EOI') for participation in the Tokenisation Regulatory Sandbox, with the window open until 24 April 2025. As part of the Innovation Testing Licence programme, this initiative allows firms to test tokenised financial solutions in a controlled environment, providing a regulatory pathway to full authorisation.

The EOI is open to firms involved in tokenisation services, including:

- firms issuing, trading, holding, or settling tokenised investments (equities, bonds, sukuk, fund units)
- existing DFSA-authorized firms expanding into tokenisation
- firms with a strong understanding of legal and regulatory requirements.

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

1.8 Dubai AI Festival

On 17 March, the DIFC announced that the second edition of the Dubai AI Festival will be held on 23 and 24 April 2025. The festival is organised by Dubai AI Campus in partnership with the DIFC, the Minister of State for Artificial Intelligence, and the Digital Economy & Remote Work Applications Office. The festival will explore AI's transformative impact across industries, highlight advancements, investment opportunities, and the regulatory frameworks shaping the future of AI.

The key themes include:

- responsible AI deployment
- transparency
- the future of work
- AI's impact and the ethical challenges of its rapid integration.

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

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 Dear SEO Letter

On 3 March 2025, the Financial Services Regulatory Authority ('FSRA') issued a Dear SEO Letter to authorised firms in the ADGM, informing them of updates to the AML return online form and providing regulatory and technical guidance on completing the updated AML return. The updated AML Return form includes enhanced sections and additional questions designed to capture more detailed insights into the Anti-Money Laundering and Targeted Financial Sanctions monitoring frameworks and measures. The AML Return is due by the end of April.

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

2.2 FSRA Issues Dear SEO Letter

On 11 March 2025, the FSRA issued a Dear SEO Letter directly to authorised firms in the ADGM, informing them of the National Anti-Money Laundering and Counter Financing of Terrorism Committee's ('NAMLCFTC') decision regarding the adoption of the FATF's high-risk jurisdictions list (the "Black List") and the jurisdictions under increased monitoring list (the "Grey List").

All firms are required to regularly verify and review the lists and information issued by the FATF and NAMLCFTC before establishing and implementing counter-measures or enhanced due diligence measures. Firms are also prohibited from relying on third parties located in jurisdictions on the Black List to perform their due diligence procedures and from establishing branches or representative offices in such jurisdictions.

2.3 FSRA Issues Consultation on Periodic Fund Reporting Requirements

On 18 March 2025, the FSRA released Consultation Paper No. 1 of 2025 "Proposal for Periodic Fund Reporting Requirements". The paper outlines the proposed introduction of a new Periodic Fund Return for both domestic and foreign funds in the Abu Dhabi Global Market ('ADGM').

Under the proposed changes, Fund Managers will be required to submit this return for each fund they manage. The Periodic Fund Return will be classified as a Regulatory Filing, with a late filing fee applicable should the return not be submitted by the specified deadline.

This proposal aims to enhance the FSRA's oversight of funds, ensuring timely and comprehensive reporting throughout their lifecycle.

You can read the Consultation Paper in full [here](#). Comments are welcome until 29 April 2025.

2.4 FSRA Issues Dear SEO Letter

On 27 March 2025, the Financial Services Regulatory Authority ('FSRA') issued a Dear SEO Letter directly to authorised firms in the ADGM, requesting completion of an online survey forming part of a Thematic Review on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) and Targeted Financial Sanctions (TFS). The scope of the review will cover; customer onboarding, targeted financial sanctions, transaction monitoring and wire transfers and the travel rule. Based on survey responses, a number of firms shall be selected for further detailed review. Aggregated observations on good practices and areas for improvement

will subsequently be communicated by the FSRA. The online survey responses are to be submitted by no later than 18 April 2025.

2.5 FSRA Issues Multiple Alerts

On 5 March, the FSRA issued an alert concerning misleading claims made by Freedom FX Broker. The website purports to offer a platform for trading in FX currency pairs, commodities such as gold, silver, oil, and agricultural products. The FSRA advises the public to note that:

- Freedom FX Broker has never been granted Financial Services Permission by the FSRA to conduct any regulated activities in or from ADGM
- Freedom FX Broker is not incorporated in ADGM and has never been licensed to engage in any commercial activities within ADGM.

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

On 5 March, the FSRA issued an alert concerning misleading claims made by FB Financial Brokers EST. The website falsely claims to offer a platform for trading FX currency pairs, commodities, stocks, and indices, and also states that it operates from a branch office. The FSRA advises the public to note that:

- FB Financial Brokers EST has never been granted Financial Services Permission by the FSRA to conduct any regulated activities in or from ADGM
- FB Financial Brokers EST is not incorporated in ADGM and has never been licensed to engage in any commercial activities within ADGM.

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

On 19 March, the FSRA issued an alert regarding a fraudulent loan scam being promoted online by individuals claiming to represent an entity called "Instant Loan Inc". This entity falsely purports to offer loans to individuals and corporate entities and then solicits fraudulent upfront payments for purported services in ADGM, such as company incorporation.

The FSRA asks for the public to be aware that:

- fraudsters falsely claim to represent ADGM to deceive individuals into providing personal or financial information or transferring funds and frequently use official-sounding names, logos, or documents to make their offers appear legitimate, despite being fraudulent
- ADGM does not process loans and will never request upfront payment for loan processing
- if you receive a communication claiming to be from ADGM offering loans or financial products, proceed with caution.

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

On 19 March, the FSRA issued an alert concerning misleading claims made by Global Investors FX. This entity falsely claims to offer a platform for trading FX currency pairs, commodities, stocks, indices, futures, bonds, and cryptocurrencies and also states that it operates from a branch office. The FSRA advises the public to note that:

- FB Financial Brokers EST has never been granted Financial Services Permission by the FSRA to conduct any regulated activities in or from ADGM
- FB Financial Brokers EST is not incorporated in ADGM and has never been licensed to engage in any commercial activities within ADGM.

You can read the FSRA alert [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 CBUAE Adopts the FX Global Code

On 5 March, the Central Bank of the UAE ('CBUAE') signed a Statement of Commitment to the FX Global Code ('Code'), becoming the first central bank in the Arab world to adopt the Code. The FX Global Code is a set of globally-recognised principles, designed to promote best practices in the foreign exchange market. It provides a common framework of guidelines aimed at enhancing the integrity and effective functioning of the wholesale foreign exchange market.

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

3.2 NAMLCFTC Hosts an Awareness Session

On 26 March, the National Anti-Money Laundering and Counter Financing of Terrorism Committee's ('NAMLCFTC') hosted a virtual awareness session regarding the upcoming Financial Action Task Force ('FATF') Mutual Evaluation (Fifth Round Methodology). FATF Mutual Evaluations are conducted by FATF members from different countries and assess a country's implementation and effectiveness of measures to combat money laundering ('AML'), terrorist financing ('TF'), and proliferation financing ('PF').

The session provided an overview of FATF's updated methodology, with an emphasis on improving the understanding of FATF's relevant Immediate Outcomes ('IOs') and Recommendations for measuring AML, CFT, and countering PF.

Key takeaways from the session include:

- greater emphasis on the effectiveness, outcomes, and quality of how countries implement their laws, regulations, and policies
- increased focus on risks, context, and a shift toward a risk-based approach
- separate IOs for the financial sector and Designated Non-Financial Businesses and Professions ('DNFBPs'), with distinct assessments of supervision and preventative measures
- focus on asset recovery
- de-risking in the financial sector
- financial inclusion
- risk assessment of PF.

The UAE adopted a preparation plan for the FATF Fifth Round Mutual Evaluation in November 2024. The UAE's report on updated laws, regulations, and policies based on the Mutual Evaluation is due in Q1 2026. The UAE Mutual Evaluation will take place in June and July 2026.

Further information

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

4. INTERNATIONAL UPDATES

4.1 FATF Updates Consolidated Ratings

On 17 March, 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, counter terrorist financing ('CTF') and proliferation financing measures.

Further details can be found [here](#).

4.2 UN Updates Sanctions List

The United Nations Security Council ('UNSC') has made amendments to its sanctions list in response to the evolving global political landscape. As a UN member, the UAE is committed to enforcing UNSC resolutions, and all firms are required to report their involvement with sanctioned entities or individuals.

On 13 March, the Security Council Committee made amendments to 12 entries on its sanctions list. The details of the individuals affected are as follows:

- Aiman Muhammed Rabi Al-Zawahiri
- Muhsin Fadhil Ayed Ashour Al-Fadhli
- Abd Allah Mohamed Ragab Abdel Rahman
- Zaki Ezat Zaki Ahmed
- Abdul Haq
- Qasim Mohamed Mahdi Al-Rimi
- Ibrahim Awwad Ibrahim Ali Al-Badri Al-Samarrai
- Mustafa Hajji Muhammad Khan
- Abdul Mohsen Abdallah Ibrahim Al Charekh
- Abou Mohamed Al Adnani
- Sofiane Ben Goumo
- Hamza Usama Muhammad Bin Laden

Further details can be found [here](#).

Further information

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

5. ENFORCEMENT ACTIONS

5.1 FSRA RA Issues Final Notice

On 10 March, the FSRA Regulatory Authority ('RA') issued multiple Final Notices against KV Foundation and its council members Daniel Toft and Nathan Paul Taylor, totalling US\$ 18,000.

A summary of the contraventions are as follows:

- during the assessment carried out in 2023, the RA Monitoring Team identified risks related to the Foundation's record of beneficial owners and its record-keeping practices.
- the KV Foundation failed to fully comply with a request for specified information and documents made by the RA Monitoring Team in August 2023, including copies of accounting records, accounts, and returns.
- the record of beneficial owners that was provided did not include the required details as mandated by the legislation.

You can read the notices [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.

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 - o Data Protection
 - o Financial Crime Prevention
 - o Corporate Governance
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 - 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.