waystone | Compliance Solutions

Regulatory Update

Middle East, May 2025

Issued 10 June 2025

Table of Contents

1. DIFC AND DFSA LATEST DEVELOPMENTS

1.1 DFSA Launches Innovation Guide

On 1 May, the Dubai Financial Services Authority ('DFSA') released a new explainer guide for its Innovation Testing Licence ('ITL'), a regulatory sandbox that allows eligible firms to test innovative financial products and services under controlled conditions in the Dubai International Financial Centre ('DIFC'). The guide, launched ahead of the Dubai FinTech Summit 2025, provides practical information on eligibility, the application process, and compliance expectations during the testing phase.

Originally introduced in 2017, the ITL remains central to the DFSA's strategy to promote responsible innovation in areas such as tokenisation, crypto, artificial intelligence ('AI'), and cybersecurity.

You can read the DFSA article in full here.

1.2 DFSA Issues Consultation Paper

On 2 May, the DFSA published Consultation Paper No. 166 "Offers of Securities to the Public from the DIFC", inviting public comment on proposed amendments to the regulatory framework governing public offers of securities from the DIFC.

Key proposals include revisions of the following rulebooks:

- Market Laws
  - inclusion of references to making an offer of securities or crypto to the public in the DIFC within the general prohibition section
- Markets Rulebook ('MKT')
  - removal of the requirements for persons making an offer of securities to the public from the DIFC to notify the DFSA of any non-DIFC jurisdiction where the offer would be made, and to comply with any applicable initial and ongoing obligations in that jurisdiction in relation to the offer
- Islamic Finance Rules ('IFR')
  - the proposed changes include bringing within scope any person making an offer in or from the DIFC relating to a "unit" of a fund that is operated, or held out as being operated, as an Islamic fund
- General Rulebook ('GEN')
  - an exclusion from the requirement to comply with the following provisions of Chapter 3: financial promotions regarding the approval of financial promotions and "additional rules" where a person makes an offer of securities from the DIFC.

You can read the Consultation Paper in full here. Comments are welcome until 16 June 2025.

1.3 DFSA Annual Report

On 5 May, the DFSA has published its 2024 annual report, highlighting key regulatory developments, ongoing supervisory initiatives, and enhanced stakeholder engagement throughout the year.

Key highlights include:

- introduction of updated regulatory frameworks for audit, crypto assets, and client asset protection
- publication of 10 consultation papers and eight thematic review reports, enhancing transparency and alignment with international best practices
- enforcement action taken against five firms and three individuals, resulting in fines totalling US$ 2.5Mn

- 154 new firms licensed and registered, bringing the total to 902 regulated entities, a 14% increase year-on-year, driven by a 75% surge in wealth management licences
- the DIFC is the world's largest sukuk listing jurisdictions, with US$ 95.4Bn in outstanding listings
- strengthened international cooperation, with the DFSA now a signatory to 117 bilateral Memorandum of Understandings ('MoUs'), five multilateral MoUs, and eight innovation agreements supporting regulatory collaboration.

The report underscores the DFSA's continued commitment to delivering transparent, proportionate, and effective regulation, in support of a growing and increasingly sophisticated financial services sector within the DIFC while upholding market integrity.

You can read the annual report in full here

1.4 DFSA Tokenisation Sandbox

On 12 May, the DFSA announced that 96 innovative firms, spanning various financial assets and instruments, have expressed interest in its inaugural Tokenisation Regulatory Sandbox. Part of the Innovation Testing Licence ('ITL') programme, the Tokenisation Regulatory Sandbox enables firms to test tokenised financial solutions within a controlled environment, offering a regulatory pathway to full authorisation. Expressions of interest came from a diverse range of sectors, highlighting the broad potential of tokenisation across the financial ecosystem.

Testing periods typically range from 12 to 24 months, with the DFSA exercising close supervisory oversight, including regular reviews, monitoring of financial condition, and compliance assessments against the agreed test plan. Firms must maintain an operational presence in the DIFC and are expected to demonstrate readiness before being granted an ITL.

Upon successful testing, firms may apply to transition to an unrestricted licence, provided they demonstrate full compliance with applicable legal and regulatory requirements. Alternatively, firms may exit the programme by withdrawing the ITL and ceasing operations in the DIFC, fulfilling all outstanding obligations to customers.

This initiative aligns with the Dubai Economic Agenda D33, which aims to position Dubai among the top four global financial centres by 2033 and reinforces the DIFC's role as a hub for digital finance and innovation.

You can read the DFSA article in full here.

1.5 DFSA Issues Dear MLRO Letter

On 12 May, the DFSA issued Dear MLRO Letter "The UAE National Risk Assessment Report 2024", reiterating the expectations for Money Laundering Reporting Officers ('MLROs') in the DIFC regarding the newly published National Risk Assessment ('NRA').

The DFSA has clarified that MLROs are not required to directly replicate the findings of the United Arab Emirates ('UAE') NRA 2024 in their business Anti-Money Laundering ('AML') risk assessments. However, firms must consider the report's findings as part of their ongoing risk assessments, incorporating any relevant updates based on the nature, size, and complexity of their business activities.

The DFSA has also reminded all MLROs of their obligation to ensure compliance with Federal AML Legislation, the DIFC Regulatory Law 2004 and the AML Module of the DFSA's Rulebook.

You can read the Dear MLRO Letter in full here.

1.6 DFSA Regulatory College

On 13 May, as part of the Dubai FinTech Summit 2025, the DFSA hosted its inaugural Regulatory College, bringing together over 30 senior regulators from 18 authorities across the UAE, the Gulf Cooperation Council (‘GCC’), and international jurisdictions.

Held under the theme “Innovation with Integrity: Advancing Cybersecurity and AI Oversight through International Dialogue”, the closed-door session focused on collaborative discussions around emerging risks in cybersecurity and AI.

Key topics included:
- post-quantum cryptography
- agentic AI
- the evolving role of regulatory frameworks in safeguarding financial stability and investor protection.

You can read the DFSA article in full here.

1.7 DIFC FinTech Summit

On 12 to 13 May, the DIFC hosted the Dubai FinTech Summit 2025. This third edition of the summit brought together global decision-makers, innovators, and investors to shape the future of finance.

The summit was centred around innovation, inclusion, and impact, focusing on how technology, sustainability, and accessibility are transforming the financial landscape.

The key themes for 2025 are as follows:
- future of finance
- global economic trends
- blockchain and cryptocurrency
- financial innovation
- regulatory compliance
- investment outlook.

You can read the DIFC announcement in full here.

1.8 Middle East Summit for Hedge Fund Managers

On 14 -15 May, the Hedge Fund Manager Middle East Summit was hosted by With Intelligence in partnership with the DIFC. It was an event tailored for hedge fund leaders operating in or considering expansion into the UAE and the broader region.

The summit provided a platform for Chief Operating Officers (‘COOs’), Chief Finance Officers (‘CFOs’), General Counsels (‘GCs’), and Chief Technology Officers (‘CTOs’) to connect, exchange insights, and explore the strategic advantages of establishing a presence in the Middle East.

The agenda featured discussions on:
- expansion strategies and operational setup in the region
- navigating licensing and compliance in the DIFC and broader UAE
- accessing private capital and regional investor networks

- a regulatory update from the DFSA
- building a scalable business model and outsourcing strategy
- hiring and talent acquisition challenges
- a marketing masterclass tailored for hedge funds.

With extensive networking opportunities, the summit supported hedge fund leaders in understanding and leveraging the region's evolving financial ecosystem.

You can read the full announcement here.

1.9 DFSA Issues Several Scam Alerts

On 13 May, the DFSA issued a public warning about a scam involving the impersonation of GSB Capital Ltd, an authorised firm regulated by the DFSA.

Scammers created a fraudulent website (previously accessible at gsb-capital.ltd, now deactivated) using GSB Capital's name and DIFC address without authorisation. The website falsely claimed DFSA authorisation and misleadingly linked to GSB Capital's legitimate DFSA Public Register entry to appear credible.

The DFSA urges the public not to engage with the scam, visit the fake website, or send any money. Consumers are advised to verify the legitimacy of firms through the DFSA Public Register and consult the DFSA's scam alerts and guidance pages for more information on avoiding financial fraud.

You can read the DFSA alert in full here.

On 14 May, the DFSA has issued a public notice regarding two entities, AGI Cmaroc Ltd and Kulanient Ltd, that are fraudulently presenting themselves as DFSA-regulated firms. Both entities have created unauthorised websites and are:

- falsely displaying the DFSA logo
- linked to cloned versions of the DFSA public register
- using fabricated DFSA reference numbers
- claiming regulatory oversight that does not exist.

The websites in question are:

- www.agicmaroc.com
- www.kulanient.com.

Associated fraudulent Public Register domains:

- dubai-finance-certifications.net/firm-448879.html
- dubai-finance-certifications.net/firm-302917.html.

The DFSA confirms that neither entity is, nor has ever been, authorised or licensed by the regulator. The DFSA has also published guidance on common scam typologies and practical steps for consumers to protect themselves. Further information is available here.

You can read the DFSA alert in full here.

On 26 May, the DFSA issued a warning about a scam involving the impersonation of the DFSA. Fraudsters have falsely claimed affiliation with a fake law firm called "LLC International Legal College", offering to help victims recover lost funds. They used counterfeit documents, including a forged Certificate of Incorporation bearing the DFSA logo, fake registration numbers, and a fraudulent signature of the DFSA Chairman. The firm is neither registered in the DIFC nor authorised by the DFSA. The DFSA urges the public not to engage with the scammers or send any money. It also provides resources on its website to help consumers identify and avoid scams and recommends verifying firms through its public register.

You can read the DFSA alert in full here.

On 27 May, the DFSA has issued a warning about a scam involving a fraudulent letter falsely claiming to be from the DFSA. The letter uses a fake DFSA letterhead and signature and falsely requests victims to make a partial payment toward an alleged debt to the DFSA. It includes deceptive details such as a “Payment Arrangement Confirmation”, a payment plan (50% upfront and 50% later), and threats of penalties for non-payment. The DFSA clarifies it does not operate accounts, request such payments, or issue such letters.

The DFSA urges the public not to respond or send money to any parties associated with this scam. For protection, consumers are advised to consult the DFSA's alerts page, review scam warnings, and verify firms and individuals via the DFSA Public Register.

You can read the DFSA alert in full here.

1.10 DFSA Issues Dear SEO Letter

On 20 May, the DFSA issued a Dear SEO Letter “Countercyclical Capital Buffer on Credit Exposures in the UAE,” informing category 1, 2, and 5 Authorised Firms that the Central Bank of the UAE (‘CBUAE’) will increase the countercyclical capital buffer (‘CCyB’) to 0.50% on private sector credit exposures within the UAE. The phase-in period begins on 1 January 2025, with the new rate becoming effective on 1 January 2026.

In line with the DFSA prudential rules, this rate applies to exposures in the DIFC and the wider UAE. The 0.50% CCyB will be applicable to Authorised Firms operating as domestic firms in categories 1, 2, or 5, with non-financial private sector credit exposure in the DIFC or UAE. The CBUAE will continue to monitor conditions and may adjust the CCyB as needed.

You can read the Dear SEO Letter in full here.

1.11 DFSA Issues Feedback Statement

On 21 May, the DFSA released a Feedback Statement on Consultation Paper 161 “Enhancing Proportionality in Prudential Regulation”. 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 July 2025 and after transitional period on 1 January 2026.

Key feedback points include:

- removal of the expenditure-based capital minimum (‘EBCM’) for firms that do not hold client assets
- expansion of the scope of eligible liquid assets to include GBP and EUR, in addition to USD and AED
- introduction of activity based capital requirement (‘ABCR’) applicable to the following category 3 Authorized Firms:
    - dealing in investments as agent
    - managing assets
    - managing a restricted profit sharing investment account
    - managing a collective investment fund (except where the only financial service carried on is managing a venture capital fund)
    - providing custody
    - providing trust services
    - acting as the trustee of a fund

  - operating an alternative trading system
- confirmation of the overall capital requirement, which is the highest of the BCR, EBCM, and ABCR for Authorized Firm in scope of the changes
- dealing in investments as matched principal Authorised Firm will move to from prudential category 3A to prudential category 2
- following this reclassification to prudential category 2, the abovementioned Authorised Firms will continue to comply with their existing risk-based capital requirements under the Basel regime, which includes ongoing adherence to their BCR and EBCM, with no changes to their current calculation methods
- following the removal of IRAP and ICAAP requirements for Authorized Firm is category 3 and 4, the DFSA retains the authority to impose individual capital or liquidity requirements on these firms where necessary
- for category 3C firms that manage assets or operate a profit sharing investment account ('PSIA'), the BCR is set at US$ 140,000
- professional indemnity insurance ('PII') removed for firms subject to ABCR and not serving retail clients
- ABCR reporting via DFSA EPRS reporting templates from Q3 2026

The revised rules have been published on the DFSA's website alongside this Feedback Statement and will take effect on 1 July 2025, with specific provisions coming into force after a transitional period ending on 1 July 2026.

You can read the DFSA Feedback Statement in full here.

1.12 DFSA Amends Legislation

On 21 May, the DFSA issued a notice of legislative amendments following the conclusion of the consultation period on Consultation Paper 161, "Enhancing Proportionality in Prudential Regulation". The amendments to the DFSA's regulatory framework will be implemented in two phases, with effective dates in July 2025 and 1 July 2026, covering updates to PIB, FER, COB, AUD, and GLO modules.

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

You can find full details of the implemented changes here.

1.13 DFSA Publishes Thematic Review Report

On 29 May, the DFSA released findings from its thematic review "Audit Working Papers Archiving and Retention," which examines how registered auditors in the DIFC document, archive, and safeguard the integrity of audit evidence in accordance with international standards. The review was prompted by several archiving-related issues identified during the DFSA's previous review cycle, as highlighted in the 2022 – 2023 Audit Monitoring Report.

Key findings highlighted that while most auditors have implemented relevant policies and procedures, gaps remain in areas such as timely archiving (e.g. shorter than 60 days), lack of policies for ongoing monitoring and remediation process, system controls (e.g. lack of separation between preparer and reviewer), and maintaining audit trail integrity post-archiving (e.g. absence of archive date tracking and recording). The DFSA noted that electronic audit documentation is now a requirement, and firms must ensure their systems are both compliant and resilient.

This initiative aligns with the DFSA's broader regulatory objectives to uphold transparency, quality, and trust in the financial ecosystem. Where material non-compliance was identified, supervisory actions were taken, reinforcing the regulator's commitment to audit quality and robust oversight.

The DFSA urges audit firms, regulators, and stakeholders to review the report's findings and integrate relevant enhancements into their systems of quality management.

You can read the DFSA Thematic Review in full 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 Consultation Paper No. 4

On 13 May, the Financial Services Regulatory Authority ('FSRA') published Consultation Paper No. 4 "Proposed Consumer Protection Regime", inviting public comment on proposed amendments to the regulatory framework. The changes aim to establish a comprehensive regime for the offering of retail products and services to consumers within the Abu Dhabi Global Market ('ADGM').

The key proposed changes are as follows:

- clear product labelling, including instructions for use and installation, and obtaining prior approval from the registrar before launching any promotions or sales
- mandatory disclosure of the condition of used or refurbished products at the point of sale
- refraining from using misleading advertisement for a product or service
- prohibition on using terms in any contract or invoice issued to the consumer that would cause a consumer harm
- maintaining a written procedure for offering warranties and providing written warranties procedures surrounding defective products or services
- establishing a consumer complaint handling channel
- granting the registrar the power to receive and assess complaints and issue notices of determination in response to consumer complaints and monitor and enforce non-compliance by providers to protect the rights of consumers.

You can read the Consultation Paper in full here. Comments are welcome until 8 June 2025.

2.2 ADGM Employment Regulations Workshop

On 14 May, the ADGM, in collaboration with Clyde & Co, hosted a virtual webinar on the ADGM Employment Regulations 2024 ('ER 2024'), which came into effect on 1 April 2025. The updated regulations introduce significant changes to workplace practices and provide greater clarity for both employers and employees regarding their rights and obligations.

The key insights are as follows:

- employment contracts

    - must be issued within one month of the employee's start date
    - must include start date, job title, wages, working hours, leave entitlements, notice period, place of work, governing law, and dispute resolution method
    - amendments must be in writing unless purely administrative
- visa and permit obligations
    - employers must apply for a work permit before the employee starts work
    - employers must promptly cancel work permits and visas after employment ends
    - employers cannot charge employees for visa/work permit cancellation
- late payment of remuneration
    - wages (excluding variable pay) must be paid within 21 days of termination
    - penalties apply if unpaid wages exceed one week's salary
- pensions and end of service benefits
    - UAE/GCC nationals
        - must be enrolled in Abu Dhabi Pension Fund ('ADPF') or General Pension & Social Security Authority ('GPSSA') within 30 days
        - not entitled to gratuity unless exempted from pension
    - other employees
        - entitled to end of service gratuity after 1 year, regardless of termination reason
        - may be offered alternative savings schemes, subject to written confirmation
- probation period
    - optional, but cannot exceed 6 months
    - during probation employees may take unpaid sick/vacation leave (with approval)
    - termination allowed with 1 weeks' notice
    - gratuity, maternity/paternity, and other leave do not apply
- working time
    - maximum of 48 hours/week, unless employee opts out in writing
- termination
    - with notice requires written notice
    - payment in lieu of notice requires written consent
    - immediate termination permitted if a reasonable employer would justify it (high threshold)
    - employer to provide termination reasons and employment reference within 21 days of request
- anti-discrimination, harassment and victimisation
    - discrimination is prohibited on grounds of sex, marital status, pregnancy, race, nationality, religion, age, and disability
    - harassment covers unwanted conduct creating a hostile or offensive work environment based on employee perception and reasonableness
    - victimisation protects employees for filing or participating in discrimination claims.

You can read the new ADGM employment regulations in full here.

2.3 FSRA Signs MoU with SFC

On 15 May, the FSRA and the Securities and Futures Commission ('SFC') signed a MoU to strengthen regulatory cooperation in supervising investment managers of collective investment schemes across their jurisdictions. The SFC is an independent statutory body set up in 1989 to regulate Hong Kong's securities and futures markets. The MoU was signed during the IOSCO annual general meeting in Doha, Qatar. It establishes a framework for consultation, cooperation, and information exchange related to the oversight of cross-border fund management and advisory activities.

You can read the FSRA article in full here.

2.4 ADGM RA Issues Consultation Paper No. 5

On 16 May, the ADGM Registration Authority ('RA') published Consultation Paper No. 5 "Proposed Amendments to the Regimes Concerning (I) Legal Service Providers, (II) Company Service Providers, and (III) Tax Service Providers," inviting public feedback on proposed regulatory conditions for these service providers operating within the ADGM. The paper also seeks comments on proposed amendments to the Commercial Licensing Rules 2024 to introduce a new controlled activity in relation to the provision of tax services.

The key proposed amendments are as follows:

- an applicant seeking a licence to provide legal services in the ADGM through a subsidiary or branch must be a body corporate or partnership, have operated in at least one other jurisdiction for a minimum period, and employ a minimum number of suitably qualified persons
- licensed legal service providers will be required to obtain and maintain professional indemnity insurance ('PII'), comply with the Client Money Rules, ensure adequate and suitably qualified staffing, submit an annual return to the RA, adhere to specified principles, and observe restrictions on combining a legal services licence with certain other controlled activities
- licensed company service providers ('CSPs') will be restricted from combining their activities with the controlled activities of legal services and audit services
- new controlled activity is being proposed for the provision of tax services
- certain thresholds are being introduced regarding the skills and experience required of the senior management of a tax service provider
- licensed tax service providers will be required to obtain and maintain PII, comply with the Client Money Rules, and adhere to certain principles.

You can read the Consultation Paper in full here. Comments are welcome until 15 June 2025.

2.5 ADGM Foundation Ceases Operations

On 17 May, the ADGM RA issued a public notice regarding the cessation of activities by Venom Foundation ADGM (Registration No. 000008382). The foundation voluntarily cancelled its commercial licence in February 2024 and appointed a liquidator in March 2024 to formally wind down its operations.

Additionally, two affiliated ADGM-registered entities (Venom Blockchain Holding Limited (Registration No. 000007380) and Venom Blockchain Holding 2 Limited (Registration No. 000010061)) have also appointed a liquidator as of March 2024.

The RA has clarified that Venom Foundation ADGM and its associated entities are not linked to recent social media announcements concerning the launch of the Venom Blockchain. References to "Venom Foundation" in such posts do not relate to the ADGM-registered foundation.

For further details, please refer to the official media release: Cessation of Activities by Venom Foundation in ADGM.

You can read the FSRA RA notice article in full here.

2.6 Governance Risk and Compliance Summit

On 20 May, the ADGM held the fourth edition of the Governance, Risk and Compliance Today Summit 2025 ('GRC Today'). The event was organised in collaboration with The Wealth Today, and brought together key stakeholders from the financial services and regulatory sectors across the Middle East and Africa ('MENA') region. GRC Today served as an important platform for the compliance, governance, and risk management community to explore the future of regulatory frameworks and exchange best practices.

The key insights are as follows:

- the FSRA's strategic objectives prioritise innovation, market scalability, global alignment, and crime prevention, underscoring its focus on resilience, technology, and ethical governance to maintain the ADGM's global standing
- with rising threats like AI-driven fraud, crypto laundering, and sanctions evasion, firms are urged to move beyond prevention by strengthening resilience, leveraging AI tools, and embedding ESG and proliferation financing controls into their frameworks
- the evolving role of compliance leaders was also emphasised, requiring business insight, strategic thinking, courage, and continuous learning, with strong compliance cultures backed by active board involvement seen as vital for effective risk management.

You can read the Global State of Financial and Economic Crime Report in full here.

2.7 ADGM RA Joins IFIAR Working Group

On 22 May, the ADGM RA joined the Enforcement Working Group ('EWG') of the International Forum of Independent Audit Regulators ('IFIAR'), becoming the only member from the Middle East. This follows the RA's admission as IFIAR's 56th full member in early 2024.

As ADGM's audit oversight authority, the RA now collaborates with leading global regulators including the UK's Financial Reporting Council ('FRC'), the USA's Public Company Accounting Oversight Board ('PCAOB'), and Japan's Certified Public Accountants and Auditing Oversight Board ('FSA/CPAAOB') to enhance audit enforcement, coordination, and quality. The IFIAR EWG promotes international cooperation on investigations and enforcement actions to protect stakeholders and improve audit standards.

This membership supports the RA's 2024 – 2025 priorities, reinforcing its commitment to robust audit quality, effective enforcement, and global regulatory collaboration to uphold the integrity of ADGM's financial ecosystem.

You can read the ADGM RA article in full 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 FIU Issues Quarterly Feedback Report

On 12 May, the Financial Intelligence Unit ('FIU') issued its quarterly feedback report for Q1 2025. Reporting entities are encouraged to regularly check goAML for updates from the FIU.

3.2 SCA Issues Warning

On 12 May, the Securities and Commodities Authority ('SCA') has issued a public warning regarding a website operating under the domain www.SaxoBanc.com. The entity responsible for launching and managing this website is not licensed by the SCA to conduct any financial activities or services regulated by the Authority.

The SCA has clarified that it bears no responsibility for any dealings with this entity and strongly urges investors to verify the regulatory status of any firm before entering into agreements or making financial transfers. Investors are advised to consult the list of licensed companies available on the SCA's official website to avoid the risk of fraudulent activity.

You can read the SCA warning in full here.

3.3 NAMLCFTC Holds NRA Workshop

On 13 May, the NAMLCFTC hosted a virtual workshop for the private sector titled "Understanding the National Risk Assessment Outcomes." The session aimed to explain the findings and implications of the National Risk Assessment ('NRA') report, which was published earlier in April 2025.

The workshop served as part of ongoing efforts to promote awareness, enhance risk understanding, and support the private sector's role in strengthening the UAE's anti-money laundering and counter-terrorism financing framework.

3.4 QFMA Hosts IOSCO Annual Meeting

On 14 May, the 50th Annual Meeting of the International Organisation of Securities Commissions ('IOSCO'), hosted by the Qatar Financial Markets Authority ('QFMA'), concluded in Doha after three days of high-level discussions. The IOSCO is one of the key international organisations concerned with regulating and developing capital markets and enhancing cooperation between market regulators around the world.

The event gathered delegations from IOSCO member states and capital market experts from around the world who explored key challenges and opportunities in the regulation and development of financial markets, with a focus on enhancing transparency and financial stability both regionally and globally, including market conduct and investor protection. The conference also explored the value of Islamic finance, its contribution to sustainable investment, and its role in supporting economic growth.

On the final day, activities included a meeting of the IOSCO Diversity Network, a Multilateral Memorandum of Understanding Monitoring Group ('MMoU MG') signing ceremony, and a roundtable with the Organisation for Economic Co-operation and Development ('OECD').

You can read the QFMA article in full here.

3.5 VARA Publishes its Rulebooks

On 19 May, the Virtual Assets Regulatory Authority ('VARA') released Version 2.0 of its activity-based Rulebooks, reinforcing Dubai's commitment to a future-ready regulatory framework. The updated Rulebooks apply to key virtual asset ('VA') activities, including advisory, broker-dealer, custody, exchange, lending and borrowing, VA management and investment, transfer and settlement services, and virtual asset issuance.

Version 2.0 introduces strengthened controls on margin trading and token distribution, clarified collateral wallet definitions, and harmonised compliance standards across all licensed activities. These refinements aim to enhance market integrity, risk transparency, and operational resilience.

A 30-day transition period is in place, with full compliance required by 19 June 2025. VARA's Supervision Teams will provide tailored guidance to impacted Virtual Asset Service Providers ('VASPs').

You can find full details of the implemented changes here.

3.6 VARA Mandatory IEMS Registration for VASPs

On 20 May, the VARA has issued a circular reminding all licensed VASPs in Dubai of the mandatory requirement to register on the UAE Financial Intelligence Unit's Integrated Enquiry Management System ('IEMS').

The IEMS is a secure digital platform for managing Anti-Money Laundering and Combating the Financing of Terrorism ('AML/CFT') directives and enquiries from domestic authorities. VASPs, both onshore and in free zones, must register their MLROs and Compliance Officers using existing goAML credentials and configure appropriate system access.

The registration deadline is 30 May 2025, and non-compliance may lead to enforcement action. VASPs are also expected to respond promptly to UAEFIU requests and implement freeze instructions without delay.

You can read the VARA circular in full here.

3.7 CBUAE Sign MoU

On 26 May, the CBUAE and the Central Bank of the Republic of Azerbaijan ('CBAR') signed a MoU to enhance bilateral cooperation in the financial sector.

The MoU aims to promote the exchange of information and expertise on supervisory and regulatory practices, licensing procedures for banking and insurance, and services related to payments and financial infrastructure. It also supports deeper technical collaboration through joint training, research, and working visits.

You can read the CBUAE article in full here.

3.8 SCA Launches New License Category

On 28 May, the SCA has launched the region's first "Finfluencer" license designed to oversee digital financial content. This initiative establishes a formal governance framework for individuals providing investment advice, financial analysis, and promotions through digital or traditional media, aiming to enhance investor protection and market integrity in the UAE.

As part of its broader digital finance strategy, the SCA has waived registration, renewal, and legal consultation fees for the license for three years to encourage participation and support innovation. Eligible individuals must register with the SCA and adhere to all regulatory requirements.

The license is available to those offering financial recommendations related to regulated products, services, or entities in the UAE through any media channel, including social media, blogs, public speaking, or written and visual content.

This initiative supports the SCA's vision of positioning the UAE as a global financial hub by promoting financial literacy, strengthening public trust, and aligning with international regulatory best practices in the evolving digital financial landscape.

You can read the SCA article in full here.

3.9 SCA Issues Warning

On 27 May, the SCA has issued a notice stating that "FP Markets (UAE)" is not licensed by the Authority to conduct any financial activities or services regulated by the SCA. The Authority disclaims any responsibility for dealings with the company in this context and urges the public to exercise caution.

You can read the SCA warning in full here.

Further information

For any questions or concerns regarding these updates, please contact Mohsin Ismail.

4. INTERNATIONAL UPDATES

4.1 MENAFATF Plenary

On 7 May, the Middle East and North Africa Financial Action Task Force ('MENAFATF') held its 40th Plenary Meeting in Amman, Jordan. The event brought together AML/CFT experts from member and observer countries, along with international bodies such as the FATF, United Nations ('UN'), International Monetary Fund ('IMF'), and Egmont Group.

Key outcomes included the adoption of multiple follow-up and self-assessment reports, with a focus on strengthening AML/CFT frameworks in countries facing security constraints. The Plenary also approved a regional risk assessment methodology and discussed typologies related to money laundering and terrorist financing through legal entities and arrangements.

A guidance document on implementing targeted financial sanctions and combating sanctions evasion was reviewed, alongside the launch of MENAFATF's new e-learning platform aimed at enhancing specialist capacity across the region.

You can read the MENAFATF article in full here.

4.2 FATF, INTERPOL and UNODC Issue Global Call to Action

On 19 May, at the Commission on Crime Prevention and Criminal Justice ('CCPCJ') in Vienna, the Financial Action Task Force ('FATF'), INTERPOL, and the UN Office on Drugs and Crime ('UNODC') issued a joint global call to action, urging coordinated efforts to dismantle the financial foundations of serious crime and terrorism.

With the theme “Global Call to Action to Combat Money Laundering and the Financing of Terrorism: International Cooperation,” leaders from the three bodies highlighted the devastating societal impact of illicit finance tied to drug and human trafficking, migrant smuggling, fraud, and scams. Key priorities included enhancing asset recovery efforts, improving international financial investigations, and strengthening public-private collaboration.

The event underscored the importance of integrating financial crime strategies into broader security and stability efforts. The FATF, UNODC, INTERPOL, and the Egmont Group are set to release new joint practitioner guidance later this year to support operational effectiveness in financial crime enforcement across jurisdictions.

You can read the call for action here.

4.3 FATF Updates Consolidated Ratings

On 28 May, 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.

You can read the consolidated rating table here.

4.4 UAE to Host UN Congress on Crime Prevention Congress

On 19 May, it was announced that the 15th United Nations Congress on Crime Prevention and Criminal Justice will take place in Abu Dhabi from 25 - 30 April 2026, bringing together over 3,000 participants, including ministers, senior international officials, NGOs, and subject matter experts.

Held under the theme “Accelerating crime prevention, criminal justice and the rule of law: protecting people and planet and achieving the 2030 Agenda for Sustainable Development in the digital age”, the Congress will serve as a key platform for global dialogue on strengthening justice systems, enhancing international cooperation, and addressing emerging risks in the digital era.

You can read the full announcement here.

4.5 FATF Host Cross-Border Payments Data Forum

On 20 - 21 May, the Financial Stability Board (‘FSB’), in collaboration with the FATF and the OECD, hosted the first Forum on Cross-Border Payments Data in Basel. The event brought together international experts across payments, AML/CFT, sanctions compliance, and data protection to address persistent frictions in cross-border payments caused by divergent legal and regulatory frameworks.

The forum is a key initiative under the G20 Roadmap for improving cross-border payments, aiming to make them faster, cheaper, more accessible, and more secure. Discussions focused on improving cooperation and alignment between AML/CFT and data protection frameworks, particularly through better use of technology and cross-sector collaboration.

Key themes included:

– enhancing the way data is collected, stored, and accessed across borders
– supporting investigatory access to data while upholding data minimisation and privacy principles
– providing practical input to international standard-setting bodies to reduce regulatory fragmentation.

You can read the FATF article in full here.

4.6 MENAFAF Host Risk Management and New Technologies Forum

On 28 May, the MENAFATF in collaboration with the Eurasian Group (‘EAG’), convened a Joint Forum on the sidelines of the 42nd EAG Plenary in Moscow. Themed “Risk Management in the Age of New Technologies,” the forum brought together senior officials from regulatory and supervisory authorities, private sector experts, and representatives from international organisations.

Interactive sessions explored key strategic topics including:

- cybercrime and cross-border risks in the digital age
- social engineering and illicit activity
- digital KYC and the role of AI
- virtual assets and terrorist financing
- building a global risk management culture.

The forum featured participation from the United Nations Security Council’s Counter-Terrorism Committee (‘UNCCT’), the UN Office of Counter-Terrorism (‘UNOCT’), and the Counter-Terrorism Executive Directorate (‘CTED’), enabling a robust exchange of best practices and reinforcing cross-border collaboration.

This initiative highlighted a successful model for regional cooperation and laid the groundwork for expanding joint efforts with other FATF member jurisdictions to confront evolving financial crime risks in the digital era.

You can read the MENAFATF article in full here.

Further information

For any questions or concerns regarding these updates, please contact Mohsin Ismail.

5. ENFORCEMENT ACTIONS

5.1 FSRA Issues Penalty on DNFPB

On 1 May, the FSRA imposed a financial penalty of US$ 17,600 on MBK Audition L.L.C. for deficiencies in its AML controls during the period from 1 September 2022 to 30 November 2023.

Specifically, MBK failed to:

- conduct an adequate business AML risk assessment (‘BRA’)
- properly assess customer risk, including neglecting to consider beneficial ownership and, in one case, failing to perform a customer risk assessment altogether
- carry out sufficient customer due diligence (‘CDD’), particularly regarding the nature, ownership, and control of its clients
- appoint a new MLRO in a timely manner.

These deficiencies resulted in multiple breaches of the Anti-Money Laundering and Sanctions Rules and Guidance.

You can read the FSRA notice here.

5.2 SCA Revokes Approval for Employee

On 6 May, the SCA has revoked the approval granted to an employee of an SCA-licensed company to serve as a Promotion Manager, following an incident of misconduct during the UAE Financial Rules and Regulations Exam.

The individual was found to have engaged in cheating, violating the principles of professional competence and integrity required under the licensing framework. This conduct breaches Articles 3 and 4, Chapter 6, Section 2 of SCA Board Chairman's Decision No. (13/Chairman) of 2021, which governs the Rulebook for Financial Activities and Status Adjustment Mechanisms.

The misconduct occurred on 11 March 2025, with regulatory action taken on 6 May 2025. The SCA's decision underscores its commitment to maintaining high ethical standards and professionalism across all licensed financial roles in the UAE.

You can read the SCA warning in full here.

5.3 SCA Issues Fine

On 6 May, the SCA imposed a financial penalty of AED 100,000 on an investor for engaging in front-running, in violation of Article 17 of SCA Board Decision No. 2 of 2001. This regulation governs trading, clearing, settlement, ownership transfer, and custody of securities in the UAE.

The violation occurred on 11 February 2025, when the investor exploited non-public information about pending trades to profit from anticipated price movements. The SCA's action reinforces its commitment to upholding market integrity and deterring unfair trading practices in the UAE's financial markets.

You can read the SCA announcement here.

5.4 SCA Imposes Fines

On 6 May, the SCA imposed financial penalties of AED 100,000 each on Mondial (Dubai) LLC and Absolute Return Investment Advisors (Aria) Limited - Dubai Branch for failing to submit their externally audited quarterly interim financial statements for the period ending 30 June 2024 within the statutory deadline.

These failures constitute a breach of Article 7(1), Chapter 5, Section 2 of the SCA Board Chairman's Decision No. (13/Chairman) of 2021, which outlines the Rulebook for Financial Activities and Status Adjustment Mechanisms. The non-compliance was identified on 9 January 2025, with enforcement action taken on 6 May 2025.

You can read the SCA announcements here.

5.5 CBUAE Imposes Financial Sanctions on Insurance Brokers

On 12 May, the CBUAE imposed administrative and financial sanctions on five insurance brokers for failing to comply with AML/CFT regulations, in accordance with Article 14 of Federal Decree Law No. 20 of 2018.

Two brokers received financial penalties, while the remaining three were issued official warnings. The CBUAE emphasised its ongoing commitment to ensuring that all insurance brokers operate in compliance with UAE laws and regulations to maintain the integrity of the financial system.

You can read the CBUAE notice here.

5.6 FSRA Imposes FATCA and CRS Fines

On 13 May, following an appeal, the FSRA has imposed an amended penalty of AED 40,000 on Sarwa Digital Wealth (Capital) Limited ('Sarwa') for breaches related to the Foreign Account Tax Compliance Act ('FATCA') and the Common Reporting Standard ('CRS').

The penalty was issued due to:

- failures and alleged failures to collect valid self-certifications for CRS and FATCA
- failure to report information completely and accurately
- failure to conduct required due diligence procedures under both CRS and FATCA.

This action reflects the FSRA's continued enforcement of international tax transparency standards.

You can read the FSRA notice here.

5.7 CBUAE Imposes Financial Sanctions on Exchange House

On 20 May, the CBUAE imposed a financial sanction of AED 200Mn on an exchange house following examinations that revealed significant failures in its AML/CFT framework. The action was taken under Article 137 of Decretal Federal Law No. (14) of 2018 and its amendments.

In addition, a penalty of AED 500,000 was levied on a branch manager, who has also been banned from holding any position within licensed financial institutions in the UAE.

These measures reflect the CBUAE's continued commitment to enforcing regulatory compliance and safeguarding the integrity of the UAE financial system.

You can read the CBUAE notice here.

5.8 FSRA Imposes Fines on 23 Firms

On 26 May, the FSRA imposed penalties totalling AED 610,000 on 23 entities for breaching the Common Reporting Standard Regulations 2017 ('CRS Regulations') and/or the Foreign Account Tax Compliance Regulations 2022 ('FATCA Regulations'). These regulations are part of international efforts to combat tax evasion by requiring financial institutions to collect and report information on foreign account holders.

The violations included failures to:

- submit risk assessments
- file required annual information returns
- conduct proper due diligence
- report information completely and accurately
- collect valid self-certification forms.

You can read the FSRA notice here.

5.9 CBUAE Imposes Financial Sanctions

On 28 May, the CBUAE imposed financial sanctions on two branches of foreign banks operating in the UAE, amounting to AED 10.6Mn and AED 7.5Mn, respectively. The penalties were issued under Article (14) of Federal Decree Law No. (20) of 2018 concerning Anti-Money Laundering (AML) and Combating the Financing of Terrorism and Illegal Organisations.

The sanctions followed CBUAE examinations that uncovered violations and non-compliance with the UAE's AML/CFT regulatory framework. The CBUAE reaffirmed its commitment to ensuring all banks operating in the UAE adhere to national laws and regulations to protect the integrity and transparency of the financial system.

You can read the notice here.

5.10 CBUAE Imposes Financial Sanctions on Exchange House

On 29 May, the CBUAE imposed a financial penalty of AED 100Mn on an exchange house, citing significant deficiencies in its AML and CTF framework. The sanction follows examinations conducted by the CBUAE and is issued under Article 137 of Decretal Federal Law No. (14) of 2018, as amended.

The CBUAE reaffirmed its commitment to ensuring that all exchange houses operate in full compliance with applicable UAE laws and regulatory standards, in order to uphold the integrity and transparency of the country's financial system.

You can read the notice here.

ABOUT WAYSTONE COMPLIANCE SOLUTIONS

Further information

For any questions or concerns regarding these updates, please contact Mohsin Ismail.

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
    - The Virtual Compliance Clinic
    - Assurance Reviews
    - Compliance Remediation
    - Data Protection
    - Financial Crime Prevention
    - Corporate Governance
    - Risk Management
    - 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
Website: 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