

DFSA Suitability Thematic Review 2026: Key Implications for Authorised Firms

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Ensuring firms have adequate suitability frameworks in place has been, and will continue to be, a key priority for the Dubai Financial Services Authority ('DFSA').

Unsuitable advice or misselling can lead to adverse impacts for clients (including financial loss) and undermine trust and confidence in financial markets more broadly. Suitability is of increasing importance given the growth across advice sectors within the Dubai International Financial Centre ('DIFC'), but also as products and service offerings evolve.

In line with the DFSA's regulatory objectives and as set out in the Dear SEO letter published on 28 November 2025, the DFSA is carrying out a thematic review on suitability.

The suitability thematic review aims to assess:

- the design and adequacy of firms' suitability-related systems and controls from a design perspective, both at the outset, i.e. before recommending or selling and on an ongoing basis
- operation in practice and adequacy of firms' suitability-related systems and controls in terms of their operation in practice, both at the outset, i.e. before recommending or selling and on an ongoing basis.

The review will also include onsite visits to a subset of relevant Authorised Firms to understand and discuss their approach to suitability in more detail. The DFSA will notify firms in due course if they have been selected to participate in this next stage of the review.

This review will help the DFSA to better understand firms' level of compliance with the suitability requirements, as well as any challenges in this area.

The deadline for Authorised Firms to submit their responses to the survey is **9 February 2026**.

What the review means to you and your firm

The following are the key implications the thematic review may have on your firm:

- heightened regulatory scrutiny and expectations:
 - firms should expect closer DFSA examination of how they assess client needs, risk profiles, and product appropriateness, both at the point of advice and throughout the client relationship
 - weak or poorly evidenced suitability processes will attract regulatory attention
- need for stronger, well-designed suitability frameworks:
 - the DFSA is signalling that firms must have robust systems and controls that are properly structured, documented, and embedded
 - this includes clear policies, decision-making frameworks, and governance oversight around suitability

- focus on real-world execution, not just policies:
 - the review will assess not only whether firms have suitability frameworks, but whether they operate effectively in practice
 - this means firms must demonstrate **consistent application, proper record-keeping, and staff competence** in suitability assessments
- increased compliance burden and potential remediation:
 - firms may need to uplift processes, enhance training, improve documentation standards, or remediate past advice where gaps are identified
 - the thematic review could lead to follow-up actions, supervisory interventions, or broader industry guidance.

Previous suitability-related initiatives

As a reminder, in 2020, the DFSA completed a programme of thematic reviews designed to assess the suitability-related systems and controls implemented by Authorised Firms, including independent tests of the suitability of individual recommendations and discretionary transactions. The results of the review were published in 2021, and identified the following matters of concern:

- many Authorised Firms confused client information gathered during onboarding with a suitability assessment and did not undertake proper suitability assessments in connection with advice or discretionary transactions
- Authorised Firms often restated DFSA Rules in their policies without explaining how they would be implemented in practice, leaving employees without sufficient guidance on conducting client suitability assessments
- Authorised Firms suitability regimes often appeared to be more product-driven than based on the needs of the client (product-driven suitability controls often do not challenge, or otherwise consider the rationale behind, a particular instance of advice or discretionary transactions)
- many Authorised Firms managing discretionary portfolios according to ‘model portfolio’ approaches, or specified strategies, often effected discretionary transactions without considering the suitability of such transactions for each client
- Authorised Firms often excluded recommendations to ‘sell’ from suitability frameworks
- discretionary portfolio managers often did not consider suitability beyond compliance with the client investment management agreement
- the quality of suitability-related documentation was often weak e.g., no evidence that an assessment had been conducted and the factors that were considered prior to making a recommendation or relying on the recollection of an employee only
- many Authorised Firms were unable to distinguish between advised or discretionary transactions from execution-only transactions
- many Authorised Firms often did not consider suitability of discretionary accounts on an ongoing basis.

How Waystone Compliance Solutions can help you

Waystone is well-positioned to support you in maintaining compliance with DFSA requirements on the topic of suitability. Should this be providing you with the support that your in-house compliance resources need or alternatively to educate and train your team on the regulatory requirements.

If you have any questions or concerns on how this impacts your firm, please contact our Middle East Compliance Solutions Team.

Contact us →