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DFSA PIB Amendments: Key Changes and Impact from 1 July 2026

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As previously highlighted in the Dubai Financial Services Authority's ('DFSA') feedback statement on Consultation Paper No. 161, issued on 21 May 2025, the Regulator has now formally published the amended Prudential – Investment, Insurance Intermediation, and Banking ('PIB') Rulebook.

These amendments form part of the DFSA's broader initiative to enhance the prudential framework applicable to firms operating within the DIFC, ensuring greater alignment with international standards and strengthening risk management expectations across the financial services sector. The revised PIB Rulebook will come into force on 1 July 2026, providing firms with a defined timeline to assess the impact of the changes and implement any necessary adjustments to their governance structures, capital adequacy, and compliance arrangements.

The amendments introduce revised capital requirements for prudential category 3 firms, the implementation of Activity-Based Capital Requirements ('ABCR'), updated capital resources composition requirements for prudential categories 3A, 3B, 3C, 3D, and 4 firms, the reclassification of firms operating an alternative trading system, and modifications to the Professional Indemnity Insurance ('PII') requirements under the PIB framework.

Key changes

The key amendments introduced under the revised framework are as follows:

- re-categorisation of firms
  - firms operating an alternative trading system have been reclassified from prudential category 4 to prudential category 3A
- amendments to capital and liquidity requirements, including the introduction of ABCR as a key component in determining the overall capital requirements covering:
  - Assets Safeguarded and Administered ('K-ASA') requirement – 0.06% of average assets safeguarded and administered for the past 6 months
  - Assets Under Management ('K-AUM') requirement – 0.02% of average assets under management for the past 6 months
  - Client Orders Handled ('K-COH') requirement – 0.10% of average daily cash trades plus 0.01% of average daily derivatives trades for the past 6 months
  - firms under prudential category 3A are relieved from risk capital requirements and will instead be subject to ABCR
  - firms under prudential category 3A are now required to maintain 20% capital buffer as stipulated in PIB 3.2.6 and to hold liquid assets in excess of their base capital requirement or Expenditure-Based Capital Minimum ('EBCM') whichever is applicable

    - firms with capital requirement based on ABCR are required to maintain Common Equity Tier ('CET') 1 and Tier 1 ratio of 60% and 80% of their ABCR
- professional indemnity insurance requirements
    - removal of PII for firms under categories 3C and 3D
    - establishing minimum standards of PII coverage for domestic firms under categories 3B and 4.

Firms are required to comply with all of the above changes from 1 July 2026.

Key actions for firms

Firms should be prepared to demonstrate readiness and document compliance with the new rules during inspections or supervisory reviews. Achieving this will necessitate a structured and coordinated approach across compliance, finance, risk, and operational functions, as outlined below:

- policy and procedures updates:
    - compliance teams will need to revise internal documentation, including capital adequacy policies, reporting calendars, and insurance protocols
- regulatory interpretation and advisory:
    - compliance and finance professionals must interpret the new rules accurately and advise senior management on how the changes affect their firm's obligations
    - Finance Officers will need to update financial models to reflect the new prudential landscape
- training and awareness:
    - document a standard procedure of maintaining the source data, valuation and calculation of the ABCR
    - staff across finance, operations, and risk functions will need targeted training to understand the new capital and liquidity requirements
    - compliance will likely lead internal briefings or workshops to ensure consistent understanding
- monitoring:
    - this may involve recalibrating dashboards or alerts used to oversee capital and liquidity positions
- intra-group and external coordination:
    - changes to PII and capital requirements may require consultation with legal advisors and external auditors to ensure alignment with broader risk and governance frameworks, especially for higher category firms
    - compliance professionals may need to engage with the regulator for clarification, especially in edge cases or transitional scenarios.

DFSA firms affected by these changes are encouraged to review the details to ensure ongoing compliance.

How Waystone can help?

Our Middle East Solutions team of highly skilled finance professionals has the relevant experience and expertise to serve as a competent and effective Finance Officer or support function for your firm, providing pragmatic, tailored advice and assistance.

As your Finance Officer, we ensure your firm stays informed of regulatory updates and enhancements, conduct thorough assessments of their potential impact on your obligations, and support their effective implementation within your monitoring and control framework to maintain ongoing compliance.

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