



Regulatory Update

Middle East, September 2026

This edition includes – DFSA Issues Dear MLRO Letter, FSRA Introduces Enhancements to Its Funds Framework, and UNSC Updates Its Sanctions Lists

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DIFC and DFSA latest developments

1.1 DFSA Issues Dear MLRO Letter

On 2 September, the Dubai Financial Services Authority ('DFSA') issued a letter to Money Laundering Reporting Officers ('MLROs') of Relevant Persons, reiterating its expectations regarding sanctions compliance and the management of associated operational risks. The DFSA emphasised that firms must maintain robust systems and controls to comply with all applicable sanctions obligations, with particular attention to sanctions evasion risks, indirect ownership structures, intermediaries, and complex payment chains.

The communication reminded firms to adopt a risk-based approach to sanctions compliance, ensuring that sanctions policies, risk assessments, screening processes, and monitoring systems remain effective and up to date. The DFSA also highlighted the importance of enhanced due diligence for higher-risk relationships, prompt investigation of sanctions alerts, and appropriate escalation and governance arrangements.

In addition, the DFSA drew attention to the broader operational risks arising from sanctions, including potential disruptions to payment, custody, banking, technology, and data services. Firms were encouraged to assess these risks and maintain appropriate contingency arrangements to ensure business continuity, protect customers, and safeguard critical services. The letter further reminded firms of their obligation to notify the DFSA promptly of any reportable sanctions-related matters in accordance with the DFSA Rulebook.

You can read the DFSA's Dear MLRO Letter in full [here](#).

1.2 DFSA Issues Dear SEO Letter

On 3 September, the DFSA issued a Dear Senior Executive Officer ('SEO') Letter to selected Authorised Firms engaged in wealth management activities within Islamic capital markets, inviting them to participate in a survey conducted by the Central Bank of the UAE ('CBUAE') in support of the UAE Islamic Finance and Halal Industry Strategy. Selected firms were requested to submit their responses by 18 September 2026. The initiative was intended to gather industry feedback and market insights to support policy development and contribute to the continued growth and competitiveness of the UAE's Islamic finance sector.

1.3 DIFC Announces Dubai Future Finance Week Programme

On 8 September, the Dubai International Financial Centre ('DIFC') announced the programme for the inaugural Dubai Future Finance Week, which will take place from 2 to 6 November 2026.

The event is expected to bring together more than 850 speakers across 85+ events, including 12 flagship forums hosted on 14 stages throughout Dubai. Discussions will focus on key areas shaping the future of finance, including FinTech, tokenisation, Islamic finance, family wealth, sustainable finance, and private capital.

By convening regulators, industry leaders, investors, and innovators, Dubai Future Finance Week seeks to foster collaboration, explore emerging financial trends, and identify growth opportunities across the global financial ecosystem.

You can read the DIFC's announcement in full [here](#).

1.4 DFSA, Nasdaq Dubai, HKMA, and HKEX Establish Strategic Working Group

On 10 September, the DFSA, Nasdaq Dubai, the Hong Kong Monetary Authority ('HKMA'), and Hong Kong Exchanges and Clearing Limited ('HKEX') jointly announced the establishment of a Strategic Working Group to strengthen ties between the financial markets of the DIFC and Hong Kong.

The Strategic Working Group will bring together the four members to explore opportunities and develop collaboration initiatives across areas that may contribute to the continued growth and attractiveness of both markets, including sustainable finance, Islamic finance, innovation, and broader capital markets development and market connectivity.

You can read the DFSA's announcement in full [here](#).

1.5 DFSA Announces EPRS Enhancements

On 15 September, the DFSA issued email communication to firms regarding enhancements to the Electronic Prudential Reporting System ('EPRS') to align reporting forms with the revised Prudential – Investment, Insurance Intermediation and Banking ('PIB') requirements that have recently come into force.

The DFSA advised that updated EPRS reporting forms are currently being implemented and are expected to be available before the end of September 2026. As a result, the reporting forms required for quarterly and/or annual prudential returns due by 30 September 2026 were temporarily unavailable to firms during the implementation period.

To facilitate the transition to the updated reporting framework, the DFSA has extended the submission deadline for the affected returns from 30 September 2026 to 15 October 2026. The extension is intended to provide firms with sufficient time to complete and submit returns using forms that are fully aligned with the revised PIB requirements.

1.6 DFSA Issues BCP Survey

On 17 September, the DFSA issued direct email communication advising that it had made further revisions to the Business Continuity Measures Form. As a result, all DFSA-regulated firms were required to complete and submit the updated Business Continuity Measures Form v5 (9/2026) via the DFSA ePortal by 23 September 2026.

The requirement applied to all firms, including those that have previously submitted a business continuity plan ('BCP') notification. The updated form was to be completed regardless of any prior submissions.

1.7 DFSA CEO Appointed as IOSCO GEMC Vice Chair

On 23 September, the DFSA announced that its Chief Executive, Mark Steward, was appointed Vice Chair of the International Organisation of Securities Commissions' ('IOSCO') Growth and Emerging Markets Committee ('GEMC'), a role that also includes membership of the IOSCO Board.

The GEMC represents securities regulators from emerging and growth markets worldwide and plays a key role in shaping regulatory priorities and international standards. The DFSA noted that the appointment highlights its active engagement with global standard-setting bodies.

You can read the DFSA's announcement in full [here](#).

1.8 DFSA Holds Newly Authorised Firms Engagement Session

On 28 September, the DFSA held an engagement session for newly authorised firms, aimed at supporting firms in establishing strong compliance frameworks and enhancing their understanding of key regulatory requirements.

The session featured presentations from DFSA supervisory teams and covered a range of topics, including:

- core regulatory obligations
- conduct of business requirements
- anti-money laundering ('AML'), counter-terrorist financing ('CTF') and sanctions compliance
- operational resilience
- cyber risk
- market risk
- prudential requirements.

The event also provided an opportunity for participants to engage directly with supervisors, discuss common compliance challenges, and gain insights into regulatory expectations and good practice.

1.9 DFSA Reminds Firms of Annual AML Return Deadline

On 29 September, the DFSA issued an email reminder to Authorised Firms that the 2026 Annual AML Return must be completed and submitted through the DFSA ePortal by 30 September 2026. The regulator reminded firms that, in accordance with GEN 14.1.1, returns submitted after the prescribed deadline may be subject to a Fixed Penalty Notice. Firms were also directed to submit any queries regarding the return through the designated Supervised Firm Contact Form available via the DFSA ePortal.

1.10 DFSA Issues Multiple Alerts

During September, the DFSA issued seven investor and consumer protection alerts, all relating to fraudulent activities involving impersonation or false claims of DFSA regulation.

The alerts highlighted a range of scams, including:

- impersonation of DFSA-authorised firms (XTB MENA Limited and GWP Management Limited)
- false claims of DFSA authorisation or regulation by unauthorised entities
- employment and recruitment scams, including fraudulent communications falsely purporting to originate from the DFSA or DIFC firms
- investment-related frauds, including advance fee scams and blockchain investment scams that misused the DFSA's name and reputation.

The volume and nature of these alerts highlight the continued efforts by fraudsters to exploit the reputation of the DFSA, DIFC and regulated firms to gain the trust of investors, job seekers, and members of the public. Individuals and firms should remain vigilant, verify the regulatory status of entities through official DFSA channels, exercise caution when responding to unsolicited communications, and promptly report suspected fraudulent activity.

You can read the DFSA's alerts in full [here](#).

Further information

If you have any questions or concerns regarding these DIFC and DFSA developments and requirements, please contact [Nigel Pasea](#).

ADGM and FSRA latest developments

2.1 FSRA Introduces Enhancements to Its Funds Framework

On 16 September, the Financial Services Regulatory Authority ('FSRA') of the Abu Dhabi Global Market ('ADGM') introduced enhancements to its regulatory framework for funds and fund managers, following industry consultation and feedback received under Consultation Paper No. 12 of 2025.

The key amendments to the Conduct of Business Rulebook ('COBS') include the following:

- employee investment vehicle ('EIV') is added to the list of entities that may qualify as a deemed Professional Client
- deemed Professional Client status for an EIV applies only in relation to the underlying fund managed or advised by the employees participating in that vehicle, in accordance with the corresponding provisions in the Funds Rulebook
- amendments to COBS 8.2.2 impose an additional requirement on multilateral trading facilities ('MTFs') that admit trading in units of funds which are not eligible for retail investors
- MTF operators must ensure that they have systems and controls in place to restrict trading of fund units exclusively to Professional Clients.

The key amendments to the Funds Rulebook ('FUNDS') are:

- new exclusion was introduced confirming that an EIV is not considered a fund for the purposes of the Funds Rulebook
- new Rule 3.3.6 exempts EIVs from the minimum subscription requirements applicable to exempt funds, qualified investor funds, and Institutional Funds, provided specified conditions are met
- definition of a venture capital fund ('VCF') was expanded to expressly permit master-feeder fund structures
- cap on total subscriptions to VCF was removed
- new category of Institutional Fund was introduced, whereby a fund qualifies as an Institutional Fund if it meets the following conditions:
 - o it is a qualified investor fund or foreign fund
 - o it has a minimum subscription threshold of US\$ 5Mn
 - o it does not accept subscriptions from natural persons
- a master fund may only be classified as an Institutional Fund if all feeder funds invested into it are also Institutional Funds
- foreign fund managers must be regulated or registered by a financial services regulator in a recognised jurisdiction
- previous requirement for a foreign fund manager to demonstrate a nexus to ADGM or regulatory equivalence through specified legal and jurisdictional tests was removed
- foreign fund managers should ensure:
 - o appointment of a UAE-resident to sit on the board of the fund, if it is an Investment Company or to the board of the general partner, if it is an Investment Partnership
 - o appointment of an authorised corporate service provider ('CSP') to act as the fund's agent for service of process
- foreign fund managers are prohibited from engaging third parties to provide investment advice or manage fund property in relation to the relevant domestic fund
- new guidance clarifies that a fund manager is expected to disclose details of its regulatory status and any restrictions imposed on its financial services permission to ensure investors can make an informed investment decision.

The General Rulebook ('GEN') was amended to exempt institutional fund managers, sub-threshold fund managers, venture capital fund managers, and institutional fund asset managers from compliance with certain management, systems and controls requirements.

The amendments to the Glossary Rulebook ('GLO') introduce several new defined terms, including EIV, institutional fund, institutional fund manager, institutional fund asset manager, sub-threshold fund manager, and venture capital fund manager.

Key considerations for existing Authorised Firms include:

- fund managers seeking to transition to sub-threshold fund manager or institutional fund manager status may apply through the FSRA's prescribed declaration process
- asset managers seeking recognition as an institutional fund asset manager may similarly apply via a dedicated declaration process
- the FSRA established a transition period until 31 March 2027 for the implementation of the new requirements applicable to venture capital fund managers and foreign fund managers.

You can read the updated FSRA's rules in full [here](#).

2.2 FSRA Conducts AML Outreach Session

On 15 September, the FSRA hosted a mandatory outreach session "Anti-Money Laundering, Counter-Terrorist Financing and Targeted Financial Sanctions Awareness Session" for regulated firms and designated non-financial businesses and professions ('DNFBPs').

The following points were highlighted by the FSRA:

- strong AML governance should be maintained, including the appointment of a suitably qualified MLRO and Deputy MLRO personnel, and the timely submission of AML Returns and Semi-Annual MLRO Reports
- AML and targeted financial sanctions ('TFS') policies, procedures, systems, and controls should be kept effective, up to date, and proportionate to the nature, scale, and complexity of the business
- the effectiveness of AML/TFS controls should be reviewed and documented at least annually
- Business Risk Assessments should appropriately reflect the firm's products, services, customer base, delivery channels, and geographic exposure, while incorporating relevant findings from the UAE National Risk Assessment
- firms should comply with Executive Office for Control and Non-Proliferation ('EOCN') guidance relating to subscription processes, screening requirements, reporting obligations, and the implementation of freezing measures
- MLROs and Deputy MLROs should receive regular AML/TFS training appropriate to their respective roles and responsibilities
- where electronic know your customer ('eKYC') and non-face-to-face onboarding are utilised, firms should implement robust eKYC processes supported by appropriate risk assessments and mitigating controls
- compliance with the FSRA Cyber Risk Management Rules, effective from 31 January 2026, should be maintained.

The FSRA also provided an overview of the UAE's National Risk Assessment and emphasised the importance of firms understanding and assessing sector-specific risks. Focus was placed on emerging threats, including cyber-enabled financial crime, sanctions evasion, and proliferation financing.

2.3 FSRA Conducts Legislative Outreach Session

On 17 September, the FSRA held its ADGM Policy and Legal Legislative Update Session. The session covered the following areas:

- overview of key achievements and regulatory developments during 2025
- updates relating to the funds regime and asset management framework
- regulatory developments affecting digital assets, virtual assets, and decentralised finance
- enhancements to the regulatory framework aimed at aligning with international standards and IOSCO principles
- changes to AML requirements and supervisory expectations
- proposed or implemented reforms affecting insurance firms and insurance activities
- upcoming legislative and regulatory initiatives planned for 2027.

You can access the FSRA's presentation in full [here](#).

2.4 FSRA to Host Supervision Outreach Session

On 30 September, the FSRA invited Authorised Persons to attend its upcoming Supervision Outreach Session on 15 October, as part of its ongoing engagement with the financial services industry in ADGM. The FSRA encouraged participation by SEOs, Principal Representatives, Compliance Officers, and MLROs.

The session is intended to provide firms with insights into the evolution of the FSRA's supervisory approach, key supervisory outcomes and findings from 2026, strategic supervisory priorities for 2027, thematic review observations, and sector-specific regulatory developments. The outreach also aims to give firms a forward-looking perspective on emerging regulatory and supervisory expectations relevant to businesses operating within ADGM.

You can read the FSRA's announcement in full [here](#).

2.5 FSRA Issues Alert

On 30 September, the FSRA issued a public warning regarding “E-Community”, an entity suspected of making false and misleading claims about its regulatory status. According to the FSRA, E-Community purported to offer trading services in stocks, cryptocurrencies, commodities, currencies, indices, and contracts for difference, while claiming to be based in ADGM and regulated by the FSRA.

The FSRA clarified that E-Community was never granted a Financial Services Permission to conduct regulated activities in or from ADGM and was never incorporated or licensed within ADGM. The regulator reminded investors and market participants to verify the regulatory status of firms before engaging with them and cautioned against relying on unsubstantiated claims of regulatory authorisation.

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

Further information

If you have any questions or concerns regarding these ADGM and FSRA developments and requirements, please contact [Shadi Dajani](#).

Middle East regulatory updates

3.1 CMA Issues Two Warnings

On 15 September, the UAE Capital Market Authority ('CMA') issued an investor warning in relation to Qanat Al Amel Call Centers Services L.L.C., Dubai. The CMA advised investors not to deal with the entity, as it is not licensed or authorised to conduct regulated financial activities or provide related financial services. The regulator also stated that it accepts no liability for transactions involving the firm and urged investors to verify the licensing status of entities through the CMA's official website before entering into agreements or transferring funds, as a precaution against potential fraud.

On 28 September, the CMA issued a further warning advising investors not to deal with JKV Global Capital Market Services Ltd, JKV Global Marketing Management Co. L.L.C., or JKV Global Market FZE, as they are not licensed or authorised to conduct regulated financial activities or provide related financial services.

You can read the CMA's warnings in full [here](#).

Further information

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

International updates

4.1 FATF Publishes Report on Underground Banking and Hawala for ML

On 3 September, the Financial Action Task Force ('FATF') published a report examining the use of banking channels and hawala systems by professional money launderers. The report highlights the increasing professionalisation of money laundering activities, including the emergence of "money laundering as a service", whereby criminal organisations outsource laundering functions to specialised networks operating on a commercial basis.

The FATF noted that underground banking systems and Hawala and Other Similar Service Providers ('HOSSPs') are increasingly operating as sophisticated, business-like structures capable of moving significant volumes of funds across borders quickly and at relatively low cost. The report also highlighted the growing involvement of certain professional service providers and intermediaries in facilitating these schemes, as well as the increasing integration of professional money laundering networks with the formal financial sector through the use of bank accounts, fintech platforms, payment service providers, virtual IBANs, prepaid cards, and virtual asset wallets.

The findings underscore the importance for firms of maintaining robust financial crime controls, conducting effective due diligence, and monitoring emerging money laundering typologies, particularly where complex cross-border transactions, intermediaries, or alternative value transfer systems are involved.

You can read the FATF's report in full [here](#).

4.2 FATF Issues Report on Risks of Gambling and Gaming

On 9 September, the FATF published a report highlighting emerging money laundering, terrorist financing, and proliferation financing risks associated with the gaming and gambling sectors. The report identified a range of typologies and risk indicators, including the use of gambling platforms to transfer funds without genuine gambling activity, the use of multiple small transactions to avoid detection, and suspicious betting patterns linked to potential competition manipulation.

The FATF noted that the rapid growth of the global gaming and gambling industry, the expansion of online platforms, and the increasing availability of fast and potentially anonymous cross-border payment methods have created new opportunities for criminal exploitation. Drawing on contributions from more than 80 jurisdictions and industry stakeholders, the report provides governments, regulators, and firms with practical risk indicators to strengthen their controls and detect financial crime within the sector. The study also represents the FATF's first comprehensive assessment of financial crime risks associated with online and illegal gambling activities.

You can read the FATF's report in full [here](#).

4.3 FATF Updates Consolidated Ratings

On 25 September, the FATF published an updated consolidated ratings table. The table summarises jurisdictions' progress against the 40 FATF recommendations. The recommendations assess each jurisdiction's level of compliance with AML, CTF and proliferation financing standards.

You can read the FATF's consolidated ratings in full [here](#).

4.4 UNSC Updates Its Sanctions Lists

On 4 September, the United Nations Security Council ('UNSC') Committee established under resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh) and Al-Qaida amended two entries on its sanctions list. The updated listings apply to several individuals and entities subject to the assets freeze, travel ban, and arms embargo as set out in paragraph 1 of Security Council resolution 2734 (2024) and adopted under Chapter VII of the Charter of the United Nations.

On 28 September, the UNSC announced amendments to an entry on its ISIL (Da'esh) and Al-Qaida Sanctions List. The amendments relate to individuals and entities subject to UN sanctions measures, including asset freezes, travel bans, and arms embargoes under Security Council resolution 2734 (2024).

You can read the UNSC's sanctions update [here](#) and [here](#).

Further information

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

ENFORCEMENT ACTIONS

5.1 CBUAE Imposes Enforcement Measures on Bank Melli Iran Branches

On 23 September, the CBUAE imposed enforcement measures on the UAE branches of Bank Melli Iran following findings of non-compliance with UAE regulatory requirements, including obligations relating to AML, CTF and counter-proliferation financing.

As a result, all UAE branches of Bank Melli Iran have been prohibited from conducting financial transactions to and from Iran, including trade finance activities and fund transfers. The measures were taken under Article 168(1)(C) of Federal Decree-Law No. 6 of 2025 following supervisory examinations conducted by the CBUAE.

You can read the CBUAE's notice in full [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:

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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.