

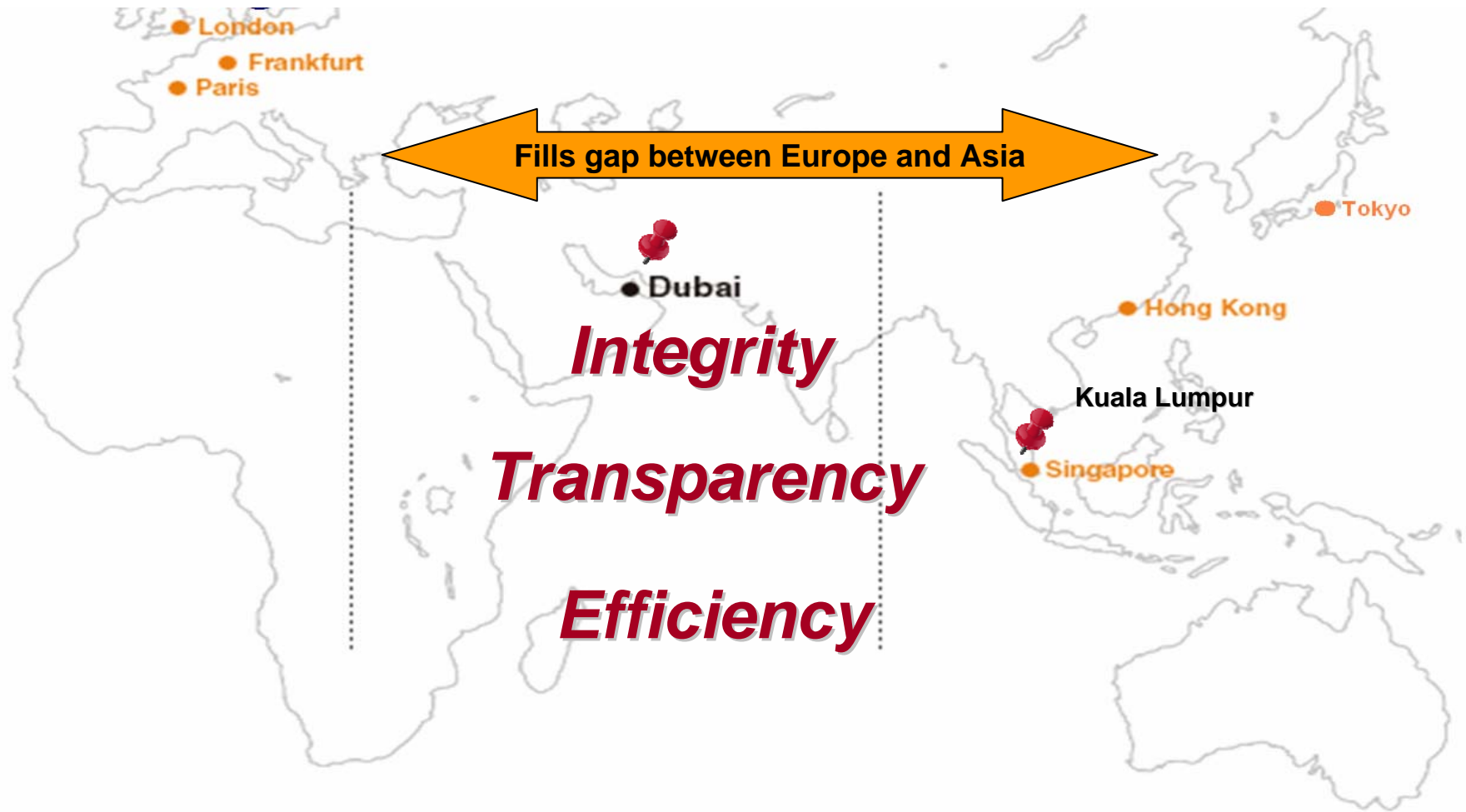


MIF – Issuers and Investors Forum
DIFC – Country Presentation

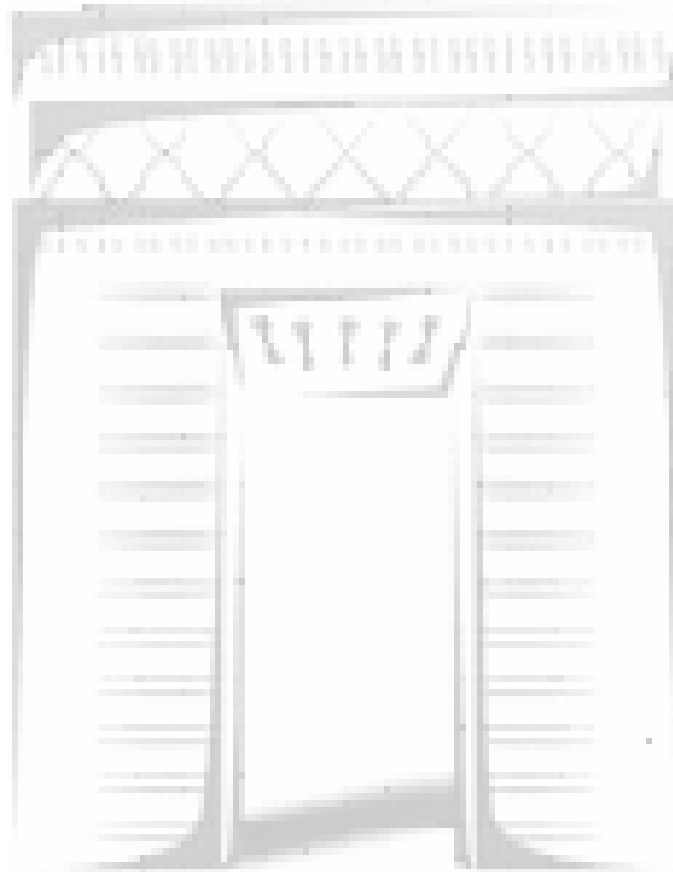
Dubai Financial Services Authority
Michael Zamorski

13th August 2007, Kuala Lumpur

Dubai International Financial Centre (DIFC)



Characteristics of the DIFC



Onshore Capital Market / International Standards

Designated as a Financial Free Zone

Foreign Currency Denominated / Zero Tax Rate*

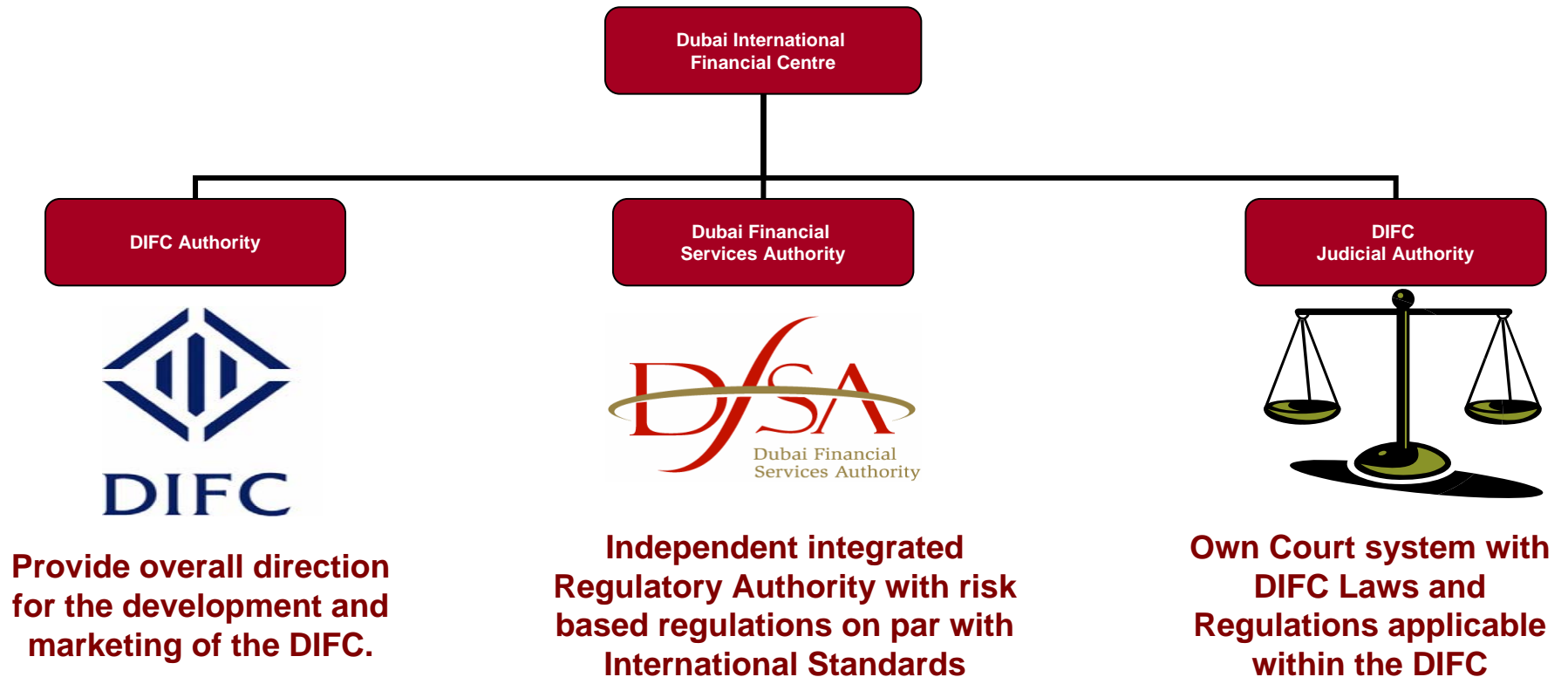
Tailor made laws for the DIFC

No local partner requirements

Wholesale center for Qualified Investors

* 50 Years and Renewable

The Structure of the DIFC



DFSA – what is it?

- **Purpose built integrated regulator** of all financial and ancillary services conducted in or from the DIFC
- **Setting world-class standards** based on international best-practice and expertise
- **An independent body** whose autonomy is guaranteed by law
- **A risk-based regulator** actively seeking opportunities to reduce regulatory burdens

DFSA – significant features

*Independent integrated Regulatory Authority
(FSA Model)*

*Statutory authority with guaranteed
operational independence and funding*

*Regulatory approach that is based on
international standards, best practices and laws of
the world's leading financial jurisdictions*

- ✓ IOSCO International Organization of Securities Commissions
- ✓ Basel Basel Committee on Banking Supervision
- ✓ IAIS International Association of Insurance Supervisors
- ✓ FATF Financial Action Task Force
- ✓ IFSB Islamic Financial Services Board

Multilateral & bi-lateral memoranda of understandings

IOSCO Multilateral MOU (effective 7 Jun 06)

Bi-lateral MOUs

1. Australia Australian Securities & Investments Commission (to be signed 12 Sept 06)
2. Dubai, UAE Dubai Police (effective 30 Nov 05)
3. Dubai, UAE Dubai Public Prosecution Dept (effective 12 Jul 06)
4. Egypt Capital Markets Board of Egypt (to be signed 5 Sept 06)
5. Isle of Man Financial Services Commission (effective 21 Feb 06)
6. Isle of Man Insurance and Pensions Authority (effective 21 Feb 06)
7. Jersey Financial Services Commission (effective 13 Mar 06)
8. Jordan Insurance Commission (effective 4 Jun 06)
9. South Korea Financial Supervisory Service (effective 11 Apr 06)
10. Malaysia Securities Commission (effective 15 Aug 06)
11. Thailand Securities and Exchange Commission (effective 15 Mar 06)
12. Turkey Capital Markets Board (8 Nov 05)
13. United Arab Emirates Emirates Securities and Commodities Authority (effective 27 Sept 05)
14. United Kingdom Financial Services Authority (effective 28 Feb 06)
15. Germany Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) (effective 30 Nov 06)
16. Guernsey Financial Services Commission (FSC) (effective 16 Mar 07)
17. Luxembourg Commission de Surveillance du Secteur Financier (CSSF) (effective 2May07)
18. Malaysia Bank Negara/the Central Bank (effective 27 Mar 07)
19. Netherlands Authority for the Financial Markets (AFM) (effective 7 Mar 07)
20. Switzerland Swiss Federal Banking Commission (SBFC) (effective 30 Apr 07)
21. United States Commodity and Futures Trading Commission (CFTC) (effective 1 Dec 05)
22. Iceland Financial Supervisory Authority (effective 6 Aug 07)

Mutual Recognition – Securities Commission Malaysia & DFSA

- August 2006 – Here in KL signed MoU
- March 2007 - Harmonise the regulatory requirements to facilitate cross border flows of Islamic Financial Products
- Funds approved by SC can be distributed into DIFC and vice versa
- Initiative well received in the market place

What the DFSA does?

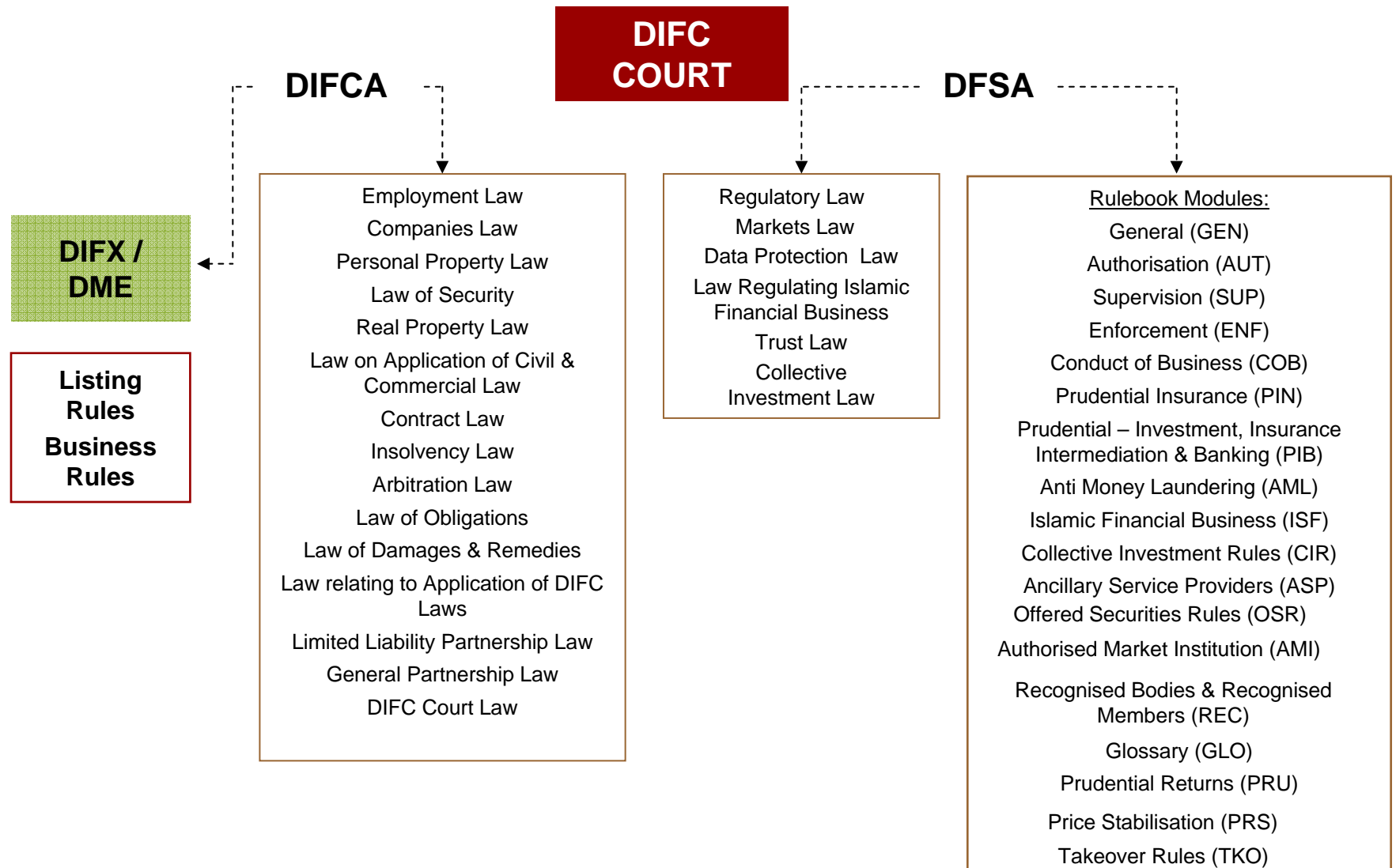
➡ **Rule-making and Policy Development** – the DFSA Board of Directors is empowered to make Regulations and Rules, and to develop policy. The DFSA also assists in the drafting of DIFC laws.

➡ **Authorisation** – licensing and registration of Authorised Firms, Authorised Individuals, Authorised Market Institutions and Ancillary Service Providers.

➡ **Supervision** of authorised, licensed and registered DIFC participants; as well as supervision of offers and listings of Securities in the DIFC and conduct of offerors & companies listed in the DIFC.

➡ **Enforcement** of the legislation we administer.

DFSA – rule-making and policy



DFSA AMI Licensing

AMIs

AMI must satisfy up to 19 licensing criteria:

1. Fitness and propriety
2. Proper markets
3. Financial resources
4. Human and technology resources
5. Systems and controls
6. Members' access to facilities
7. General safeguards for investors
8. Identification, deterrence and prevention of Market Misconduct, financial crime and money laundering
9. Promotion and maintenance of standards
10. Whistle blowing
11. Clearing and settlement
12. Transaction recording
13. Safeguarding and administration of assets
14. Business Rules
15. Compliance with Business Rules
16. Complaints
17. Default rules
18. An Official List of Securities
19. Compliance with Listing Rules

Recognised Body

- Licensed to operate exchange or clearing have in a jurisdiction acceptable to DFSA
- Operate to standard which would satisfy the 19 Licensing requirements for AMI

DIFX & DME – How do we Supervise?

- ❖ Risk-based approach to supervising AMIs – cooperation with Internal and External Audit
- ❖ Approve amendments to Business rules and Listing Rules
- ❖ Notification criteria – ongoing obligation of Exchange (i.e. periodic reporting)
- ❖ Proper markets: “fair, orderly and efficient”
- ❖ Review of listing decisions (5 day period)
- ❖ Financial crime, whistle blowing, complaints → to DFSA under regulatory protocol
- ❖ Transaction recording – 6 years
- ❖ Review of trading, monitoring, clearing & settlement facilities (periodic disaster recovery testing, review of systems and controls)
- ❖ Own surveillance of market activity

DIFX & DME – Market Regulation

DFSA works together with DIFX and DME effectively to regulate and supervise DIFC capital and commodities markets.

- DIFX is the **Listing Authority** with its own Listing Rules, ensuring that only seasoned companies able to meet ongoing disclosure obligations and corporate governance standards are admitted to the Official List of Securities;
- DIFX is the **Frontline Authority** for compliance with continuous disclosure obligations as well as member conduct and partner in relation to maintaining high corporate governance standards in the DIFC;
- DIFX is the **Operator of the Companies Announcements Platform** for corporate disclosures (price sensitive information) in the DIFC



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