



MEDIA RELEASE:

DFSA's Framework Receives Regulatory Equivalency to European Union Regime

Dubai, UAE, 9 January 2017: The Dubai Financial Services Authority (DFSA) is pleased to announce that its regulatory framework for central counterparties (CCPs) has been classified as equivalent to that of the European Union.

The determination, made by the European Commission (Commission), acknowledges the work undertaken by the DFSA to instil internationally-recognised best practices including a robust framework that promotes financial stability through a reduction in systemic risk. The distinction will encourage cross-border activity between European clearing members and CCPs located in the Dubai International Financial Centre (DIFC) by reducing the regulatory burden to participate in the market.

This development further evidences the DFSA's commitment to implementing a regulatory framework for the DIFC that is in line with international standards set out under the Principles for Financial Market Infrastructures issued by the International Organisation of Securities Commissions. In so doing, the DIFC continues to cement its position as the leading hub for international financial services in the region.

Mr Ian Johnston, Chief Executive of the DFSA, said: "The DIFC has firmly established itself as the central gateway through which international and regional financial institutions conduct business across the region. The recognition received from the Commission for our regulatory framework for CCPs, will further strengthen the confidence market participants already have when operating in our Centre."

Nasdaq Dubai is the DFSA-licensed CCP operating in the DIFC in respect of equities and derivatives trading. Alongside the DIFC, the Commission published equivalence decisions for the regulatory frameworks for CCPs of India, Brazil, New Zealand, Japan



and the UAE. Other jurisdictions whose CCP regimes are also recognised include the US, Canada, Switzerland, Australia, Hong Kong and Singapore.

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For further information please contact:

Saima Farooqi
Corporate Communications
Dubai Financial Services Authority
Level 13, The Gate, West Wing
Dubai, UAE
Tel: +971 (0)4 362 1613
Email: DFSAcorpcomms@dfs.ae
www.dfsa.ae

Editor's notes:

The equivalence status is given effect through a legally binding implementing act in accordance with Article 25(6) of the European Market Infrastructure Regulation (EMIR) (Regulation (EU) No 648/2012).

CCPs are entities that sit in between buyers and sellers of derivatives contracts to become the sole counterparty to all trades. Its main purpose is to manage the risk of one counterparty defaulting (i.e. not being able to make the required payments when they are due), thereby reducing the overall risk in the system.

The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in or from the Dubai International Financial Centre (DIFC), a purpose-built financial free-zone in Dubai. The DFSA's regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange. In addition to regulating financial and ancillary services, the DFSA is responsible for supervising and enforcing Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) requirements applicable in the DIFC. The DFSA also exercises delegated enforcement powers under the DIFC Companies Law. These include powers to investigate the affairs of DIFC companies and partnerships where a material breach of DIFC Companies Law is suspected and to pursue enforcement remedies available to the Registrar of Companies (Roc).

Ian Johnston was appointed as Chief Executive of the DFSA in June 2012. Ian joined the DFSA in November 2006, as a Managing Director, to head the Policy and Legal Services Division.

Ian was admitted to practice Law in Australia in the early 1980s and has spent most of his career in the private sector. He held a number of senior positions within the financial sector and was CEO of one of Australia's major Trustee Companies. During that time, Ian played a leading role in the Trustee industry and served on the National Council of the Trustee Corporations Association.



In 1999, Ian joined the Australian Securities and Investments Commission where he held the position of Executive Director, Financial Services regulation, and spent several terms as an acting Commissioner. In 2005, Ian took up a position with the Hong Kong Securities and Futures Commission as a Special Advisor.

Ian is a past Chairman of the Joint Forum, which comprise representatives of the major international regulatory standard-setters (IOSCO, IAIS and the Basel Committee). In August 2016, he was re-elected to IOSCO's Growth and Emerging Markets Steering Committee, a position he has held since 2013. He is also a member of the Financial Stability and Technical Committee (FSTC) of the IAIS, the global standard-setting body for insurance regulation, and was a member of the Board of Directors of the Financial Planning Standards Board (from Jan 2011 – Mar 2016).