

Stakeholder Perceptions of the Dubai Financial Services Authority

Executive Summary

1. Background

This document represents a report on interviews conducted with 68 stakeholders of the DFSA including Authorised Firms, Ancillary Service Providers, other UAE regulators, international standard-setters & the media.

2. Research Objectives

To provide the DFSA with insights as to stakeholders' attitudes toward the DFSA, identify the drivers of these attitudes and determine how these attitudes and drivers have changed in the last three years when the last stakeholder survey was conducted. In addition, to determine if change has occurred, what are the drivers of this change.

3. Sample

A sample of 68 organisations was interviewed from the population of stakeholders in the DIFC (256 Authorised Firms, 52 Ancillary Service Providers, 16 Registered Auditors, 2 exchanges, 2 other regulators, 2 members of the media & 2 international standard-setters). In total, 96 individual stakeholders participated in the survey.

While most of the data collected was of a qualitative nature, some quantitative data was also collected.

Given the primarily qualitative nature of the research this sample size provides a good representation of the population of stakeholders.

Stakeholders were assured that the information collected would be treated in confidence.

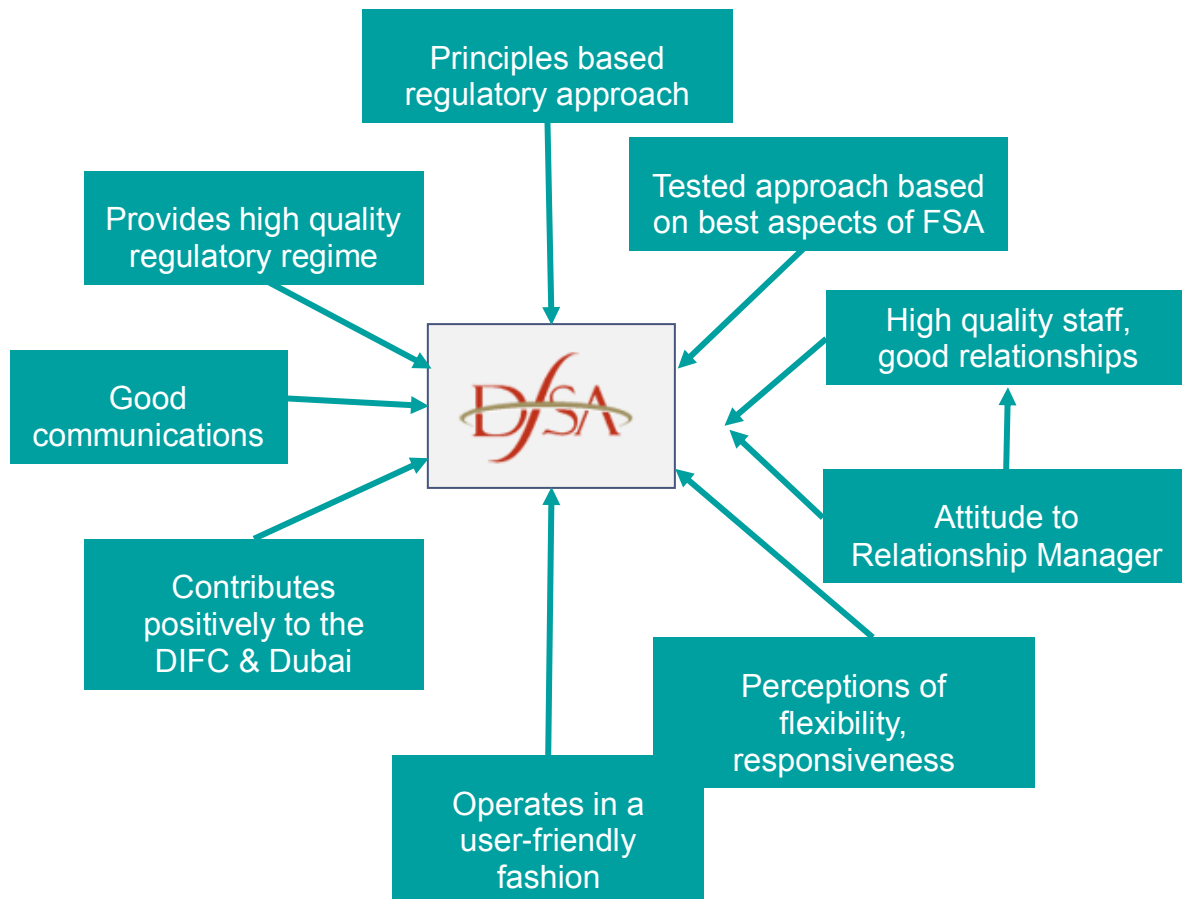
The Chant Link & Associates team conducting the interviews all had extensive experience conducting research of this nature with regulators in a range of geographic environments including Australia & Asia.

The following provides a description of the key qualitative outputs of the research together with a summary of the results of the rankings stakeholders gave the DFSA.

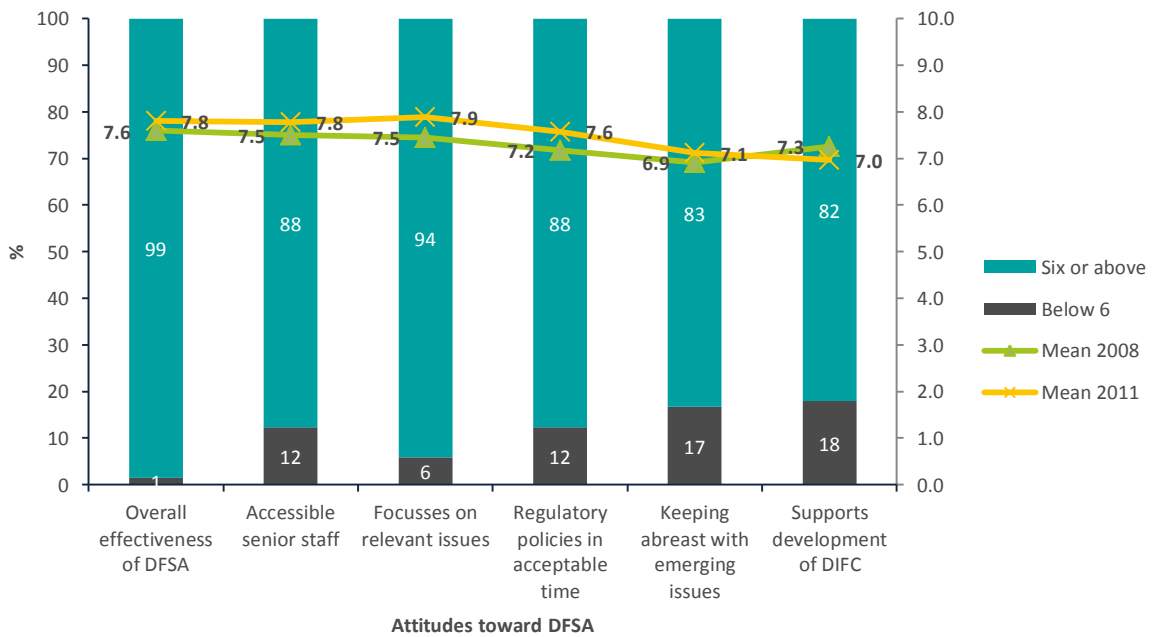
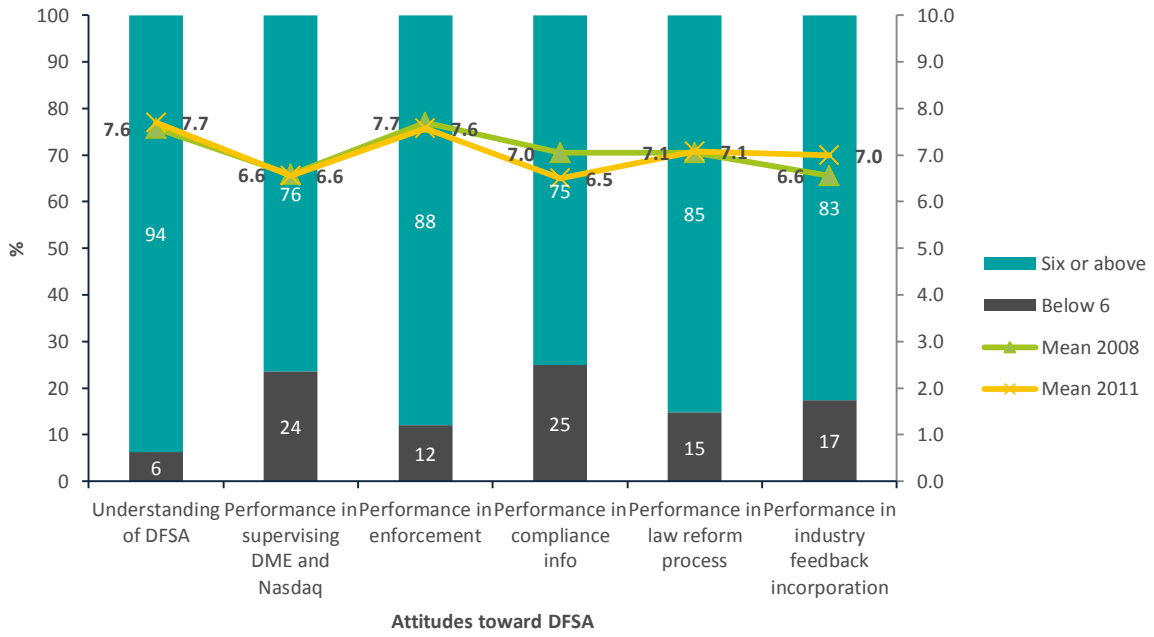
4. Key Outcomes

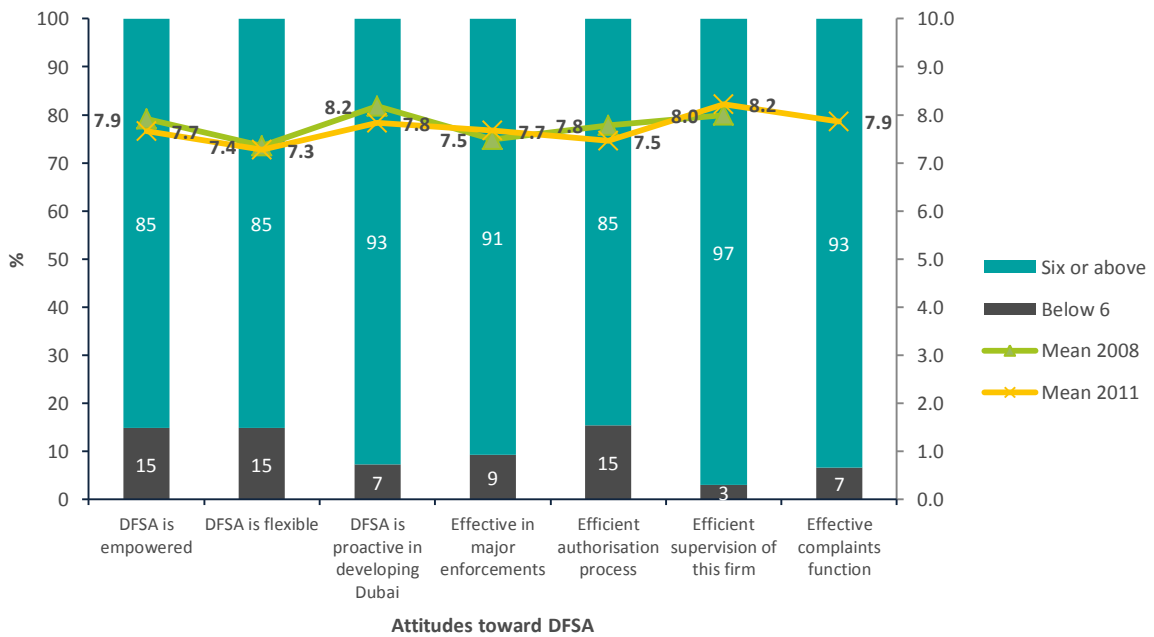
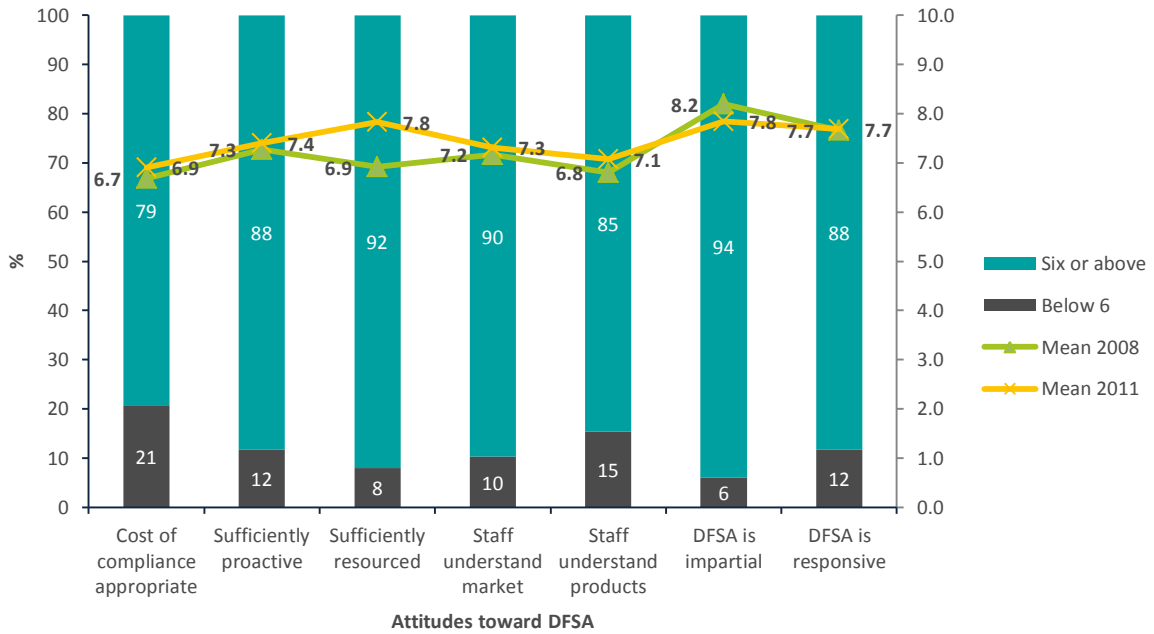
1. Strong positive opinion of the DFSA: The DFSA continues to be very highly regarded by its stakeholders, based on qualitative findings. The DFSA is perceived to not only be performing very well as a regulator, but compares very favourably with other regulators.

Key drivers of attitudes towards the DFSA:



2. Positive view of the DFSA also supported by quantitative outcomes: Strong positive outcomes & additional evidence for the DFSA continuing to perform at the high levels shown in 2008. None of the differences between the 2008 and 2011 survey results were found to be statistically significant.





3. Change to the DFSA is not required by stakeholders: While a number of suggestions were made by stakeholders regarding the DFSA, in the main, stakeholders did not require major change from the DFSA.

4. Opportunities to improve the relationship with other UAE regulators and respond to stakeholder concerns stemming from regulatory developments. Stakeholders would like to see a seamless relationship between the various regulators in the UAE. While the DFSA's communications with its counterparts was recognised, there was a view that the DFSA could do more.

5. Impact of Relationship Managers: While most perceived their Relationship Manager positively and the quantitative outcomes were favourable, a number were critical of their Relationship Managers. There was a view that while most Relationship Managers performed well, there was opportunity for the DFSA to improve on matters of Relationship Manager turnover, consistency of decision making and expertise.

6. Compliance costs are acceptable: By far the majority believed that compliance costs were satisfactory. While it was acknowledged that cost of staff was problematic (and finding good quality staff was difficult), there was a general view that costs of compliance were not onerous or different to other jurisdictions.

7. Costs of locating in the DIFC improved: This issue was of major concern to stakeholders in 2008. However this concern has lessened due to the rent reduction that has occurred recently. Nonetheless many (especially smaller firms) claimed a number of DIFC costs remained high.

8. Compliance Officers and gaining commitment to the DIFC: Some interviewees expressed concern about the standard of Compliance Officers within DIFC firms. There was the suggestion that the DFSA should take action such as encouraging greater training and instituting more stringent requirements to ensure the standard of Compliance Officers for financial firms remained high.

9. Greater visibility of senior DFSA staff: While some senior stakeholders from the larger firms were familiar with the CEO and other members of the DFSA's senior management team, the majority were not. Many of the interviewees argued strongly for greater visibility of senior management of the DFSA. Further, the importance of Compliance Officers as drivers of the effectiveness of the DIFC would be enhanced if senior DFSA personnel were more visible to Compliance Officers and CEOs.

10. Continue to give priority to stakeholder communications: While many commented that the DFSA's current communications were of high quality (many spoke positively about Outreach sessions), some argued that the DFSA needed to increase its level of communications with stakeholders.

11. Monitor and review the outsourcing of compliance: With the apparent rise of outsourced compliance has come a range of concerns from stakeholders and a belief that the DFSA needs to monitor this area closely.

12. Provision of advice: While many acknowledged that most regulators are hesitant to provide legal advice, many also held the view that the DFSA could do more in this area. The point was made that the DFSA should be prepared to provide greater directional advice on the interpretation of rules or on likely outcomes of various actions proposed to be taken by stakeholders. The DFSA ought to give consideration to addressing this issue, perhaps by communicating more clearly to its stakeholders regarding its stance on advice provision (especially when and where it will provide advice) and the rationale underpinning this stance.