

By E-mail

12th March 2012

To the Senior Executive Officers
Of DFSA Authorised Firms

Dear SEO

Thematic Review -- Client Acceptance and Take-On Processes

This is to notify you that the DFSA will undertake a thematic review during the first half of 2012, focusing on the overall client acceptance and take-on process used by DFSA Authorised Firms.

In this thematic review, we will be looking at the processes used to determine a client's classification as retail, professional or as a market counterparty; the analysis and documentation surrounding the client's suitability for products and services, as required by Conduct of Business Rules; and, the processes used for customer due diligence, as required by Anti-Money Laundering Rules.

Aside from the global economic risks impacting performance and investment returns, we have decided to review these areas in light of our regulatory obligations and due to the uneven methods employed by Firms in these areas that we have observed during our recent risk assessments. Additionally, we are currently considering revisions of these Rulebooks and wish to ascertain best practices.

Client Classification, Suitability and Customer Due Diligence have, and will continue to play, an important part of DFSA's ongoing risk assessments of all Authorised Firms. All Authorised Firms should ensure that they can adequately evidence compliance with DFSA's rules in these areas. Such evidence should be able to be produced in accordance with DFSA's record keeping requirements. We will be notifying selected Firms of their participation in this review in the coming weeks. Following the review, we will communicate aggregate findings to all Firms.

Yours sincerely,



Bryan Stirewalt
Managing Director, Supervision

