

By Email

28 November 2013

To the Senior Executive Officers of DFSA Authorised Firms

Dear SEO

OUTCOME OF THEMATIC REVIEW - REMUNERATION

As outlined in our letter dated 18 February 2013, the DFSA undertook a Thematic Review during the first half of 2013. The review focused on remuneration and sought to determine how remuneration and incentive practices affect fair dealings with customers, while testing the level of compliance with the relevant requirements set out in the GEN Module of the DFSA Rulebook. In broad terms, the review focused on remuneration governance and controls as well as remuneration structure. This thematic review represents another step we have taken towards our refocus on the core activities of supervision that include more emphasis on conduct and ethical behaviour as stated in our 2013 Business Plan.

An initial questionnaire was sent to all DFSA Authorised Firms and responses were received from 221 Authorised Firms, representing 80% of all Authorised Firms. Following the review of the responses, 14 Firms were selected for follow-up onsite reviews.

The results of the review were analysed with reference to the framework of GEN Principle 12, which states that “an Authorised Firm must have a remuneration structure and strategies which are well aligned with the long-term interests of the Firm, and are appropriate to the nature, scale and complexity of its business.” The overall findings of the review were positive. However, the findings demonstrated that many Firms require improvements in various aspects of their remuneration policies and practices.

The key findings of the review are set out in the report which can be accessed at this [Link](#)

The Supervision Division is hosting an information session detailing some of the findings of the review facilitated by the Compliance Officers Network Group, at the DFSA offices on Sunday, 8 December 2013 at 4pm.

Fair treatment of clients and conduct of business issues will continue to remain important priorities for the DFSA, both in terms of normal risk assessments and with thematic reviews.

Sincerely,



Bryan Stirewalt
Managing Director, Supervision