

MEDIA RELEASE:

DFSA takes action against a Senior Executive Officer

Multiple, serious and continuous breaches of DFSA legislation

Dubai, UAE, 22 March, 2020: The Dubai Financial Services Authority (DFSA) today announced that it has fined Mr Ajay Arora USD87,500 (approximately AED321,000), prohibited him from holding office or being an employee of a regulated DIFC firm, and restricted him from performing any functions in connection with the provision of Financial Services in or from the Dubai International Financial Centre (DIFC).

The DFSA has taken this action against Mr Arora due to his role in multiple serious breaches of DFSA legislation. In particular, Mr Arora executed Client transactions without authorisation and engaged in misleading and deceptive conduct towards those Clients and the DFSA. Among other things, the DFSA found that Mr Arora contravened the DFSA's Principles for Authorised Individuals by failing to observe high standards of integrity and fair dealing.

Mr Arora has been the Senior Executive Officer (SEO) of Morgan Gatsby Limited (MGL) since March 2013, when the DFSA licenced MGL. In that role, he had ultimate responsibility for the day-to-day management, supervision and control of MGL's financial services business. Mr Arora was directly involved in MGL's financial services business, and engaged with its Clients.

The DFSA found that Mr Arora and MGL continued to engage in misconduct, despite concerns about rule breaches being brought to his attention on numerous occasions from 2016 onward by both the DFSA and MGL's compliance function. Despite these repeated warnings, Mr Arora did not take sufficient action to stop the misconduct or to improve the firm's systems and controls.

Certain of the contraventions relate to MGL's dealings with two Clients. Mr Arora (on behalf of MGL) effected transactions on behalf of these Clients without the Clients' knowledge or authorisation. Mr Arora also engaged in misleading and deceptive conduct in relation to these transactions by providing false or misleading information about the transactions to the Clients, or concealing the transactions from the Clients. One of the transactions was carried out despite the Client having given explicit instructions to the contrary.

Mr Arora also failed to comply with a DFSA direction to keep the DFSA's investigation confidential, and provided misleading and deceptive information to the DFSA regarding this failure.

Furthermore, Mr Arora breached DFSA legislation through his involvement in MGL's:

- illegal promotion of an unregulated Foreign Fund;
- failure to comply with certain restrictions on business and dealing with property imposed by the DFSA in May 2018;
- failure to properly classify a Client and to conduct the necessary enquiries into the Client's source of funds and rationale for entering into transactions; and

- failure to ensure that MGL's Board of Directors was provided with accurate information.

The DFSA considered Mr Arora's request for a reduction in the amount of the fine on the grounds of financial hardship, and agreed to reduce the fine imposed on him on these grounds. Mr Arora also agreed to settle the DFSA's action at an early stage of the DFSA investigation and, therefore, qualified for a reduction of the fine under the DFSA's policy for early settlement. Were it not for the reductions for financial hardship and for early settlement, the DFSA would have imposed a fine of USD187,500 (approximately AED689,000) on Mr Arora.

Mr Bryan Stirewalt, the Chief Executive of the DFSA, said: "We hold Authorised Individuals, particularly SEOs, to the highest standards of integrity in discharging their responsibilities for the management, supervision and control of an Authorised Firm. Mr Arora did not meet these standards, even after he was repeatedly notified of compliance concerns regarding MGL's activities. The DFSA will take strong action against individuals who breach the DFSA's legislation, and will pursue stronger action yet where misconduct continues despite warnings".

The DFSA took action against MGL on 6 January 2020 for the above-mentioned contraventions. The detailed reasons for the DFSA's action against Mr Arora are set out in the DFSA's Decision Notice dated **10 March 2020** which can be found in the [Regulatory Actions](#) section of the DFSA website.

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Editor's notes:

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).

Bryan Stirewalt was appointed Chief Executive of the DFSA on 1 October, 2018, after nearly 8 years as the DFSA's Managing Director of the Supervision Division. In his role as Chief Executive, Bryan will take the lead in steering the work of the DFSA and further developing its capability as a robust regulator delivering world-class financial regulation in the DIFC. Bryan has played a vital part in executing the DFSA's regulatory mandate and developing its risk-based supervision framework. Bryan plays an active role in supporting the work of international standard-setting bodies. He now serves as the Co-Chair of the Basel Consultative Group (BCG), which provides a forum for deepening the Basel Committee on Banking Supervision's engagement with non-member, global supervisors on banking supervisory issues. Through this role, Bryan also serves as an Observer at the Basel Committee on Bank