

MEDIA RELEASE:

Arqaam Capital Limited Resolves Compliance Deficiencies with the DFSA

Dubai, UAE, 29 July 2015: The Dubai Financial Services Authority (DFSA) has accepted an Enforceable Undertaking (EU) from Arqaam Capital Limited (Arqaam), a company incorporated in the Dubai International Financial Centre (DIFC), and a DFSA Authorised Firm.

The EU resulted from a DFSA investigation following a periodic DFSA risk assessment that focused on Arqaam's compliance with anti-money laundering (AML) obligations in the DIFC. The risk assessment identified a number of deficiencies in Arqaam's AML systems and controls, assessment of customer AML risks and customer due diligence (CDD) practices.

Although the EU does not mention any specific contraventions of DFSA-administered laws or regulations, the DFSA is concerned that Arqaam may not have:

- acted with due skill, care and diligence;
- ensured that its affairs were managed effectively and responsibly; and
- complied with certain DFSA AML Rules requirements.

In light of the DFSA's concerns, Arqaam will engage an independent compliance expert to assist the firm to remedy the AML deficiencies the DFSA has identified and any other issues the expert may identify.

Arqaam also agreed to pay a financial penalty of USD50,000 (AED183,652). Arqaam co-operated fully at an early stage of the DFSA investigation.

Mr Ian Johnston, Chief Executive of the DFSA said: "Having robust and effective AML systems and controls, including customer AML risk assessments and CDD practices, are important in deterring financial crime. Firms should review their AML systems and controls regularly and



ensure staff are given appropriate training concerning the firm's AML responsibilities. Furthermore, willingness to co-operate with the DFSA and remediate regulatory deficiencies at an early stage mitigates risks for both the firm and the DIFC.”

A copy of the Enforceable Undertaking can be found in the Public Register of the DFSA website under Regulatory Actions: <http://www.dfsa.ae/Pages/RegulatoryActions.aspx>

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Editor's notes:

The Dubai Financial Services Authority (DFSA) is the independent regulator of financial and ancillary 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 has also accepted a delegation of powers from the DIFC Registrar of Companies (RoC) to investigate the affairs of DIFC companies and partnerships.

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-up the Policy and Legal Services Division.

Ian was admitted to practice Law in Australia in the early 1980's and 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 comprises representatives of the major international regulatory standard-setters (IOSCO, IAIS and the Basel Committee). He is a member of the Technical Committee of the IAIS, the global standard-setting body for insurance regulation, and is a member of the Board of Directors of the Financial Planning Standards Board (FPSB).