

MEDIA RELEASE:

DFSA Releases Findings of Corporate Governance Review in DIFC

Dubai, UAE, 10 September 2014: The Dubai Financial Services Authority (DFSA) recently concluded a thematic review of the corporate governance of firms licensed to provide financial services in the Dubai International Financial Centre (DIFC). The review focussed on twelve themes fundamental to good corporate governance including management structures and practices, systems and controls, internal audit and management information flows.

While the DFSA routinely reviews the quality of governance in regulated businesses in the DIFC, this review is the first full scale corporate governance review and is the first occasion on which the DFSA has issued a Report on this subject.

The DFSA generally found a good level of compliance by institutions and that governance structures and arrangements generally reflected the nature, scale and complexity of the businesses reviewed. However, the practices of some institutions fell short of their own stated policies. The DFSA noted that governance arrangements and responsibilities often did not align to business plans and strategies and that those institutions need to comply with their stated policies or amend them to reflect current practices.

A significant finding of the review, documented in the Report, was that firms often did not carry out structured, periodic reviews of their Governing Bodies and their committees, or their effectiveness. The Governing Body is generally a company's Board of Directors.

Mr Ian Johnston, Chief Executive Officer of the DFSA said: "The findings of the review provide a benchmark and reference that should be used by institutions to assess their

corporate governance frameworks and practices. The DFSA is working to enhance the quality of governance of regulated businesses in the DIFC and where we detect governance failures we will rectify them through supervisory methods or enforcement action.”

The Report of the findings can be accessed on the DFSA website.

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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.

Ian Johnston was appointed Chief Executive of the DFSA in June 2012. Mr Johnston joined the DFSA in November 2006, as a Managing Director heading the Policy and Legal Services Division.

Mr Johnston 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 the CEO of one of Australia's major trustee companies. During that time, he played a leading role in the trustee industry and served on the National Council of the Trustee Corporations Association.

In 1999, Mr Johnston joined the Australian Securities and Investments Commission where he was Executive Director, Financial Services regulation, and spent several terms as an Acting Commissioner. In 2005, he took up a position as a special advisor with the Hong Kong Securities and Futures Commission.

Mr Johnston is a past Chairman of the Joint Forum, which comprises representatives of the major international regulatory standard-setters (IOSCO, IAIS and the Basel Committee). In November 2013, he



was elected to the Steering Group of IOSCO's Growth and Emerging Markets Committee. He is also 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.