MEDIA RELEASE:

DFSA Introduces New Markets Law and Amendments to the Regulatory Law

Dubai, UAE, 20 June 2012: The Dubai Financial Services Authority (DFSA) announces today that His Highness Sheikh Mohammed Bin Rashid Al Maktoum, in his capacity as the Ruler of Dubai, has enacted two Dubai International Financial Centre (DIFC) Laws. These Laws are the Markets Law 2012 and the Regulatory Law Amendment Law 2012, which are both administered by the DFSA.

The new Markets Law 2012, which replaces the current Markets Law 2004, brings about a number of significant changes including changes to prospectus disclosure, what activities constitute an offer, market misconduct provisions and corporate governance. The prospectus disclosure changes include the requirement for a prospectus to be formally approved by the DFSA before it can be used to make an offer of securities to the public, or to have the securities referred to in the prospectus admitted to the Official List of Securities maintained by the DFSA. The new Laws are designed to promote investor protection in a manner that better aligns the DIFC to international standards, particularly European Union (EU) requirements and the Organisation for Economic Co-operation and Development.

The amendments to the Regulatory Law 2004 support the changes brought about by the new Markets Law regime, for example, the law now provides for the DFSA to undertake regulatory oversight of auditors of DIFC incorporated companies listed on an Authorised Market Institution (AMI) or any other exchange. The amendments also make changes to
the recognition powers of the DFSA with respect to cross-border trading including recognition of alternative trading systems, the quasi exchanges which are developing an increasingly important role in trading of financial instruments on the international capital markets. The changes permit non-DIFC exchanges and clearing houses meeting certain regulatory standards to provide access to their facilities to persons located in the DIFC and permit non-DIFC firms meeting certain regulatory requirements to be remote members of an AMI in order to trade investments on a DIFC exchange from a place of business outside the DIFC.

Mr Ian Johnston, Chief Executive Officer of the DFSA said: “These changes bring our markets regime into closer alignment with the EU requirements while retaining features necessary to accommodate regional needs and circumstances. The DFSA’s supervisory oversight has also been expanded to include auditors for companies incorporated in the DIFC which seek listing on an exchange in the DIFC or in another jurisdiction. Such regulatory oversight of auditors would allow for the passporting of auditors registered by the DFSA into the EU, thus enabling those auditors to conduct audits of DIFC-based companies where they seek listings in the EU. These changes will also allow the DFSA to meet Principle 8 of the Core Principles of Independent Audit Regulators by the International Forum for Independent Audit Regulators, of which the DFSA is a member.”

The new Markets Law 2012 and the Regulatory Law Amendment Law 2012 were enacted on 7 June 2012 and come into force on 5 July 2012 and are available on the DFSA website: www.dfsa.ae/Legal Framework/Legislation/Amendments to Legislation.

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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 is an experienced international regulator who joined the DFSA in November 2006, as a Managing Director, to head-up the Policy and Legal Services Division. In May 2012, the DFSA’s Board of Directors appointed Ian as its new Chief Executive, to take up the position in June 2012.

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 Ian is a member of the Board of Directors of the Financial Planning Standards Board (FPSB).