

Appendix 3

In this annex underlining indicates new text and striking through indicates deleted text.



The DFSA Rulebook

General Module

(GEN)

5 MANAGEMENT, SYSTEMS AND CONTROLS

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5.3 Systems and controls

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Organisation

- 5.3.2** (1) An Authorised Person must establish and implement, taking due account of the nature, scale and complexity of its business and structure, adequate measures to ensure that:
- (a) ~~clearly defined~~ the roles and responsibilities assigned to its Governing Body and the members of that body, senior management and Persons Undertaking Key Control Functions are clearly defined;
 - (b) there are clear reporting lines applicable to the individuals undertaking those functions; and
 - (c) the roles, responsibilities and reporting lines referred to in (a) and (b) are documented and communicated to all relevant Employees; and
 - (d) ~~in the case of an Authorised Firm, the Employees who will be delivering Financial Services to its customers are also clearly identified, together with their respective lines of accountability and supervision.~~
- (2) An Authorised Firm must ensure that any Employee who will be delivering Financial Services to its customers is clearly identified, together with his respective lines of accountability and supervision.
- (3) An Authorised Firm which is conducting Investment Business or the Financial Services of Providing Fund Administration or Providing Trust Services, must ensure it makes publically available details of any Employee who delivers Financial Services to its customers, by including such information:
- (a) in a register, maintained by the Authorised Firm at its place of business and open for inspection during business hours; or
 - (b) on the website of the Authorised Firm.
- (4) An Authorised Firm referred to in (3), must have complete and up to date information on its register or website, including:
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- (a) the date on which the relevant Employee commenced delivering of Financial Services to customers; and
 - (b) the Financial Services which that Employee is permitted by the Authorised Firm to deliver to customers.

Guidance

1. The term Employee is defined in the GLO widely and includes members of the Governing Body or directors and senior managers of the Authorised Firm. Therefore, the requirements relating to Employees in Rules 5.3.3 and 5.3.6 apply to all Employees including those across the organisation.
2. The division of responsibilities between the Governing Body and the senior management should be clearly established and set out in writing. In assigning duties, the Governing Body should take care that no one individual has unfettered powers in making material decisions.
3. Members of the Governing Body may include individuals undertaking senior management functions (such as the chief executive of the firm) and ~~or~~ Persons Undertaking Key Control Functions. In assigning specific functions to such individuals, care should be taken to ensure that the integrity and effectiveness of the functions they are to perform are not compromised. For example, if the Chairperson of the Governing Body is also the chief executive officer of the Authorised Person, the Governing Body should ensure that the performance assessment of that individual in his roles should be undertaken by a senior non-executive member of the Governing Body or an independent external consultant.
4. Persons Undertaking Key Control Functions are defined in the GLO in an inclusive manner to encompass Persons such as the heads of risk control, compliance and internal audit functions. In the case of an Insurer, the actuary also is a Person who Undertakes a Key Control Function.
5. An example of an Employee providing Financial Services to a customer is a client relationship manager employed by an Authorised Firm providing wealth management services. In contrast, an Employee who may be employed in the back office of an Authorised Firm with responsibility for setting up client accounts would not be customer facing.

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