MEDIA RELEASE:

DFSA expands FinTech innovation testing programme

Dubai, UAE, 16 May 2018: The Dubai Financial Services Authority (DFSA) today announced the expansion of its Innovation Testing Licence (ITL) programme in response to continued interest in FinTech and the digital economy. The ITL programme enables firms to test innovations in financial technology (FinTech) in or from the Dubai International Financial Centre (DIFC).

Six companies will form a new Cohort (Cohort 1) that will today begin the ITL application process, which includes the development of a regulatory test plan describing the proposed business model, product or service. Over the next few weeks, the DFSA will work with the applicants to navigate the on-boarding process. Should the firms be successful, they will begin a testing period lasting up to 12 months, at the end of which the firms must demonstrate that they have met the agreed targets of the test plan, and can meet the full DFSA authorisation requirements, to obtain a full licence.

The ITL was introduced by the DFSA in May 2017, as part of its strategy to foster an innovation-friendly ecosystem in the DIFC. The restricted financial services licence allows qualifying FinTech firms to develop and test innovative concepts from within the DIFC, without being subject to the full regulatory requirements that normally apply to regulated firms.

Bryan Stirewalt, Managing Director of Supervision at the DFSA, said: “Since introducing the ITL in May last year, we have been impressed with the volume of applications from firms wanting to test from the DIFC. This is clearly indicative of the value they place on the established ecosystem available to them here. Although a number of firms have already been granted an ITL, in order to provide the necessary support to these applicants, we have introduced the Cohort approach to reviewing applications and believe this will provide the best outcome for firms with hopes of contributing to the Dubai and UAE economy.”

The firms making up Cohort 1 illustrate the diversity of innovations in the FinTech field and the global interest to test these innovations from the DIFC.

Cohort 1 Applicants include
**Bridg** is one of the Middle East's first FinTech startups and is building a software-based payment solution that allows smartphones to process face-to-face transactions without the need to be connected to the internet.

**Delio** is creating a digital ecosystem to enable deal providers to showcase investment opportunities in private assets to both institutional and private investors. The opportunities include private equity, private debt and real estate investments. Delio also intends to offer regional specific functionality, for example the ability to distinguish between Sharia and non-Sharia compliant opportunities.

**Fastnet** is a FinTech adviser that aims to link cutting edge risk profiling with simple, liquid, low cost investment solutions. Its premise is that the greatest enhancement to retail investors will be in providing a much deeper and sharper understanding of investors’ needs and ambitions. Fastnet’s focus is on developing a detailed understanding of the client, by helping investors truly understand how their financial personality affects their investment outcomes, providing investors with the tools to manage their wealth with confidence.

**HedgeSPA** offers Sophisticated Predictive Analytics to hedge funds and institutions. Its mission is to democratise access to advanced investment analytics for large institutions and sophisticated investors. HedgeSPA’s core platform, powered by artificial intelligence, big data, and cloud computing, empowers professional investors with asset selection.

**MarketsFlow** is a sophisticated, and innovative Machine Learning and AI-based Intelligent Robo Advisor and Digital Wealth Management platform. It offers customised portfolio strategies that are suitable to the client. The platform allows clients to manage their assets actively on a daily basis, inclusive of rebalancing, readjustments, and risk management.

**Jibrel Network**, a Swiss blockchain development company, will be developing a UAE-specific financial services blockchain solution, to enable the deployment of virtual mobile accounts. Jibrel's implementation will include consumer protection, awareness and support - as well as compliance / risk management and mitigation capabilities.

Cohort 2 applications will open in September to coincide with the second edition of the DIFC’s FinTech Hive@DIFC accelerator programme. The 12-week programme, which was announced in January 2017 and went live in August in partnership with Accenture, a leading global professional services company. It is designed to bridge the gap between innovative tech entrepreneurs and financial industry giants, while providing a platform that enables the development of cutting-edge innovation in line with Dubai Plan 2021 and the DIFC’s 2024 Strategy.
Of the first 12 firms to have completed the FinTech Hive@DIFC programme, two transitioned to the DFSA’s ITL to test out a FinTech innovation from the DIFC.

This latest development forms part of the DFSA’s innovation strategy, which complements the National Innovation Strategy, as set out by UAE Vice President, Prime Minister and Ruler of Dubai, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, to make the UAE a global hub for innovation. In line with the goals of the Dubai 2021 strategy, the DFSA also formalised its approach to crowdfunding loan and crowdfunding investment platforms in 2017, making it the first to introduce a bespoke framework in the GCC. Specifically, loan crowdfunding has become a valuable source of financing for SMEs in several jurisdictions.

For details of the application process please visit dfsa.ae/fintech

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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 has also accepted a delegation of powers from the DIFC Registrar of Companies (RoC) to investigate the affairs of DIFC companies and partnerships.

Bryan Stirewalt, Managing Director, Supervision, joined the DFSA in 2008 and has served as a Managing Director since 2010. Mr Stirewalt’s responsibilities include prudential and conduct-oriented oversight of financial service providers and overseeing the DFSA's role with Registered Auditors and CRAs. Mr Stirewalt also directs the DFSA's efforts to fight methods of illicit finance within his primary areas of responsibilities, as well as with DNFBPs. He has extensive experience in financial regulation in public and private sector roles. From 1985 to 1996, he worked for the US Treasury’s Office of the Comptroller of the Currency as a National Bank Examiner, where he specialised in policy development and implementation, problem bank rehabilitation and banking fraud initiatives. From 1996 to 2008, he worked for an international consulting and advisory firm, focusing on emerging markets development programmes in Poland, Ukraine, Cyprus and Kazakhstan. Mr Stirewalt serves as the Co-Chair of the Basel Consultative Group (BCG) which provides a forum for deepening the BCBS's engagement with global supervisors on banking supervisory issues.