



*MEDIA RELEASE:*

# **DFSA launches Innovation Testing Licence for FinTech Firms**

**Dubai, UAE, 24 May 2017:** The Dubai Financial Services Authority (DFSA) has today announced that it will allow financial technology (FinTech) firms to apply for a class of financial services licence referred to as an Innovation Testing Licence (ITL). This initiative signals the next phase of the DFSA's regulatory roadmap to foster innovation in Dubai.

The restricted financial services licence will allow qualifying FinTech firms to develop and test innovative concepts from within the Dubai International Financial Centre (DIFC), without being subject to all the regulatory requirements that normally apply to regulated firms. The DFSA will work with applicants to understand the business proposal and establish the appropriate controls for the safety of any customers involved, on a case-by-case basis.

Ian Johnston, Chief Executive at the DFSA, said: "FinTech is changing the landscape for financial services, providing more opportunities to seek financing and increasing financial inclusion. As regulators, it is our responsibility to provide a framework which supports the sustainable development of this industry while protecting consumers and financial stability."

The DFSA's approach is aligned with the National Innovation Strategy set out by UAE Vice President, Prime Minister and Ruler of Dubai, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, to create an innovation-friendly ecosystem. In line with the goals of the Dubai 2021 strategy, the DFSA is also formalising its approach to loan-based and investment-based crowdfunding platforms. Specifically, loan-based crowdfunding has become a valuable source of financing for SMEs in several jurisdictions.

Mr Johnston added: "Our efforts to develop a regulatory framework that promotes growth and innovation, while protecting financial stability and consumers, is part of our



contribution to Dubai's greater vision of becoming an information-based society and a smart city.”

FinTech firms will be able to use the restricted licence to test an innovative product or service for six to 12 months. In exceptional cases, the DFSA will consider extending that period. If a firm has met the outcomes detailed in the regulatory test plan, and it can meet the full DFSA Authorisation requirements, it will migrate to full authorisation. If it does not, the company will have to cease carrying on activities in the DIFC that need regulation.

The DFSA's latest initiative follows the launch of the FinTech Hive at DIFC, which will bring together the next generation of leaders and entrepreneurs to compete and address the growing needs of the region's financial services industry, using innovative technology solutions. It intends to catalyse growth and efficiency in a variety of areas including trade finance, alternative finance and Sharia-based services.

Interested firms should contact the DFSA at [FinTech@dfsa.ae](mailto:FinTech@dfsa.ae) to discuss proposals prior to application.

The Innovation Testing Licence Guidance can be found on the following link: [http://dfsa.complinet.com/en/display/display\\_main.html?rbid=1547&element\\_id=23453](http://dfsa.complinet.com/en/display/display_main.html?rbid=1547&element_id=23453)

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**Editor's notes:**

**The 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.

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

Mr Johnston was admitted to practice Law in Australia in the early 1980s and has 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, Mr Johnston 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 held the position of Executive Director, Financial Services Regulation, and spent several terms as an acting Commissioner. In 2005, Mr Johnston took up a position with the Hong Kong Securities and Futures Commission as a Special Advisor.

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 Financial Stability and Technical Committee (FSTC) of the IAIS, the global standard-setting body for insurance regulation, and was a member of the Board of Directors of the Financial Planning Standards Board (from Jan 2011 – Mar 2016).