

MEDIA RELEASE:

DFSA Takes Action against Senior Executive Officer

Dubai, UAE, 15 May 2017: The Dubai Financial Services Authority (DFSA) has accepted an Enforceable Undertaking (EU) from Mr S Ravishankar Naidu, Senior Executive Officer (SEO) at Royal Shield Limited (RSL), an Insurance Intermediary licensed by the DFSA.

The EU resulted from the DFSA's concerns that, with respect to RSL's insurance business, Mr Naidu failed to:

- arrange re-insurance cover in accordance with a Client's instructions and allowed incorrect information to be provided to the Client about their cover;
- comply with the DFSA's requirement that, as the SEO, he must be resident in the UAE;
- ensure that RSL's financial statements for the financial year 2014 accurately reflected the financial position of RSL; and
- ensure that RSL had adequate systems and controls to undertake its Insurance Intermediation business.

As an Authorised Individual performing the Licensed Function of the SEO of RSL, Mr Naidu was ultimately responsible for the day-to-day management, supervision and control of RSL's Financial Services activities. However, Mr Naidu's conduct fell short of the high standard expected of him. In particular, Mr Naidu failed to act with due skill, care and diligence and take reasonable care to ensure that RSL's business was organised so that it could be managed and controlled effectively.

In deciding to accept the EU offered by Mr Naidu, the DFSA acknowledges that Mr Naidu co-operated fully with the DFSA. Further, to resolve the DFSA's concerns, Mr Naidu has



voluntarily undertaken to step down as RSL's SEO and ensure that RSL appoints a new SEO.

Mr Naidu will remain as a Licensed Director and Controller of RSL, and he has agreed to appoint another Licensed Director to RSL's Board of Directors, so that RSL's Board comprises of at least three directors.

Mr Naidu also agreed to pay a financial penalty of USD 70,000 (AED 256,900) to the DFSA, of which USD 10,000 (AED 36,700) is payable on or by 6 June 2017. The remaining USD 60,000 (AED 220,200) is suspended indefinitely and becomes payable if Mr Naidu fails to comply with the EU.

A copy of the EU can be found in the Regulatory Actions section of the DFSA website:

<http://dfsa.ae/What-We-Do/ENFORCEMENT#Regulatory-Actions>

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For further information please contact:

Kaja Mohaisen
Corporate Communications
Dubai Financial Services Authority
Level 13, The Gate, West Wing
Dubai, UAE
Tel: +971 (0)4 362 1662
Email: kmohaisen@dfsa.ae
www.dfsa.ae

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.