MEDIA RELEASE:

DFSA and Malaysia’s Securities Commission sign FinTech Agreement

Dubai, UAE, 12 September 2017: The Dubai Financial Services Authority (DFSA) and Securities Commission Malaysia (SC) last week entered into an agreement to cooperate in the development of financial technology (FinTech) innovation. The agreement reflects efforts by both authorities to provide a robust regime that fosters innovation in the Dubai International Financial Centre (DIFC) and Malaysia.

The agreement was signed by Mr Ian Johnston, Chief Executive of the DFSA, and Tan Sri Ranjit Ajit Singh, Chairman of the SC. Under the terms, the authorities will share information on developments and innovations in FinTech, and intend to consider participating in joint innovation projects on the application of novel approaches to FinTech in each market. Given the significance of Islamic finance in both Malaysia and Dubai, FinTech developments in that sector will be of particular interest.

The agreement also provides a framework for cooperation and referrals between the innovation functions of each authority. The framework sets out a referral mechanism, which will enable the authorities to refer Innovator Businesses between their respective Innovation Functions and to provide the businesses with regulatory guidance.

Mr Johnston said: “Our FinTech regime is developed to enhance and improve access to finance and the efficiency of markets. We also want to encourage innovative financial services and solutions. By collaborating with the SC, we will
further strengthen our FinTech proposition across traditional and Islamic finance markets."

The DFSA and SC have a long-standing relationship to support developments in each other’s markets. In 2007, the authorities signed a mutual recognition agreement related to cross-border distribution and marketing of Islamic funds between Malaysia and the DIFC. It followed a 2006 joint initiative on regulatory alignment to facilitate Islamic finance transactions between the DIFC and Malaysia.

The latest cooperation agreement 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 August, the DFSA became the first regulator to launch a tailored regime for loan and investment crowdfunding platforms in the GCC. In May, the DFSA launched its Innovation Testing Licence, a special class of financial services licence that allows FinTech firms to develop and test innovative FinTech concepts from the DIFC.

The DFSA’s initiatives follows the launch of the FinTech Hive at the DIFC, bringing 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. Its aim is to catalyse growth and efficiency in a variety of areas including trade finance, alternative finance and Shariah-based services.

In May, the SC introduced a framework to facilitate digital investment services. This follows the 2015 launch of the ‘alliance of FinTech community’ initiative in to engage with the tech entrepreneur community on innovative digital finance
business models and technology related regulatory and policy matters.

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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.

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 comprise representatives of the major international regulatory standard-setters (IOSCO, IAIS and the Basel Committee). In August 2016, he was re-elected to IOSCO’s Growth and Emerging Markets Steering Committee, a position he has held since 2013. 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).
The Securities Commission Malaysia (SC) is a statutory body established under the Securities Commission Act 1993 (SCA) to regulate and develop the Malaysian capital market. The SC’s mission is to promote and maintain fair, efficient and transparent securities and derivatives markets to facilitate the orderly development of an innovative and competitive capital market. It is committed to ensuring investor protection, fair and orderly markets and reducing systemic risks. The SC’s powers and authorities are clearly defined and transparently set out in securities laws, namely the SCA, Capital Markets and Services Act 2007 (CMSA) and Securities Industry (Central Depositories) Act 1991 (SICDA).

Tan Sri Dato’ Seri Ranjit was appointed the Vice-Chairman of the governing Board of the International Organization of Securities Commissions (IOSCO), the global body of capital market regulators and was elected as the Chairman of IOSCO’s Growth and Emerging Markets Committee (GEM) which represents 94 countries. In 2014, Tan Sri Dato’ Seri Ranjit was appointed Chairman of the ASEAN Capital Markets Forum (ACMF), a body tasked to spearhead market integration efforts within the region and comprises capital market authorities from ASEAN.

Tan Sri Dato’ Seri Ranjit chairs the Securities Industry Development Corporation (SIDC), the Malaysian Venture Capital and Private Equity Development Council (MVCDC) and the Capital Market Development Fund (CMDF). He is also the Vice-Chairman of the Asian Institute of Finance and a member of the Board of the Labuan Financial Services Authority and the Financial Reporting Foundation as well as a board member of the Malaysian Institute of Integrity (IIM).

Tan Sri Dato’ Seri Ranjit is trained as a financial economist and accountant. He holds a Bachelor of Economics (Honours) degree and a Master of Economics degree in Finance from Monash University, Melbourne. He was also conferred the degree of Doctor of Laws honoris causa by Monash University Melbourne. He is a fellow of CPA Australia and has worked in academia, consulting and accounting in Australia and Malaysia.

Tan Sri Dato’ Seri Ranjit’s term as Executive Chairman has been extended for a further three years effective 1 April 2017.