

*MEDIA RELEASE:*

## **DFSA grants Sarwa Digital Wealth Ltd In-Principle Approval for Innovation Testing Licence**

**Dubai, UAE, 9 November 2017:** The Dubai Financial Services Authority (DFSA) today granted Sarwa Digital Wealth Limited (Sarwa), an automated investment advice service, in-principle approval<sup>1</sup> for its Innovation Testing Licence (ITL). The DIFC-based company becomes the first FinTech operator to receive approval for this special class of financial service licence developed specifically for FinTech firms.

The DFSA's ITL is a restricted financial services licence that allows qualifying FinTech firms to develop and test innovative concepts from within the DIFC, without being subject to all the regulatory requirements that normally apply to regulated firms. It was introduced in May this year, as part of the DFSA's efforts to develop a regulatory framework that promotes growth and innovation in the sector.

Ian Johnston, Chief Executive, DFSA, said: "The DFSA has worked closely with Sarwa's management to understand its business proposal and the appropriate controls for the safety of customers involved, as the company works towards receiving an ITL."

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The DFSA is the independent financial services regulator for the DIFC

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Sarwa is the first automated investment advice service for young professionals in the Middle East, which combines investment strategies with technology to reduce investments costs. It is among the 12 start-ups to participate in the FinTech Hive at DIFC, the region's first accelerator programme launched by the DIFC in partnership with Accenture in January this year.

The 12-week programme went live in August to facilitate collaboration between cutting-edge technology companies and leading regional and international financial institutions. It intends to catalyse growth and efficiency in a variety of areas including Regulatory Technology (RegTech), alternative finance and mobile payments, and concludes with an Investor Day on 12 November 2017.

Mr Johnston added: "We have been impressed by the proposals presented by the Hive participants. We expect several others to apply for DFSA regulation and are already considering the regulatory test plans of some."

Ms Raja Raja Al Mazrouei, Acting Executive Vice President of FinTech Hive at DIFC, said: "This announcement is a true testament to the success of Fintech Hive at DIFC and the opportunities we provided to our finalists. We remain committed to driving the development of the financial sector in the region and we look forward to seeing more success stories coming out of this Programme."



In addition to the FinTech Hive at DIFC finalists, the DFSA is in discussions with a range of FinTech firms interested in applying for the ITL or a full financial services licence, with business models including robo-advisors, crowdfunding platforms and digital wallets and payment services. The DFSA is also engaging with a number of RegTech firms, who do not need to be licenced, to understand developments in this area and facilitate progress where possible.

The DFSA's efforts to support the sustainable development of FinTech and RegTech in the DIFC compliments the UAE National Innovation Strategy set out by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai, to make the UAE a hub for innovation and technology. In addition to the ITL, the DFSA introduced a tailored regime for loan and investment crowdfunding platforms in August, the first such framework in the GCC region.

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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.

**The DFSA issues an in-principle approval** when it is satisfied that the applicant firm can meet the relevant regulatory requirements. The firm then needs to take practical steps, such as obtaining premises, before it receives the formal licence.

**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).

