

DFSA Fines Clements (Dubai) Limited

Dubai, UAE, 26 September 2016: The Dubai Financial Services Authority (DFSA) has imposed a fine of USD 85,191 (AED 312,650.97) on Clements (Dubai) Limited (CDL). The fine was imposed following a DFSA investigation conducted in collaboration with the Insurance Authority of the United Arab Emirates (UAE). The investigation found that, from January 2014 to July 2014, CDL engaged in prohibited insurance activities in breach of DFSA administered Rules. The fine includes the giving up of commissions earned by CDL from the prohibited activities.

CDL is authorised by the DFSA to provide the Financial Service of Insurance Intermediation in the Dubai International Financial Centre (DIFC). In providing this service, CDL is restricted under DFSA Rules from intermediating a Contract of Insurance for a risk situated in the UAE unless:

- the risk is situated in the DIFC; or
- the contract is one of re-insurance.

The DFSA's investigation identified that CDL provided prohibited Insurance Intermediation services in breach of DFSA Rules on 21 occasions and failed to have adequate systems and controls in place to detect, monitor and prevent such activities from occurring.

The DFSA discounted the amount of the fine imposed on CDL after taking into consideration CDL's initiative to self-report the misconduct to the DFSA, take



steps to remediate its deficiencies and co-operate fully with the DFSA's investigation.

The DFSA also notes that CDL voluntarily appointed a new Senior Executive Officer, and Compliance and Money Laundering Reporting Officer.

CDL agreed to settle the DFSA's action at an early stage of the investigation, and therefore qualified for a further discount under the DFSA's policy for early settlement. Were it not for the mitigating factors and settlement discount, the DFSA would have imposed a fine of USD 102,191 (AED 375,040.97).

Mr Ian Johnston, Chief Executive of the DFSA said: "Intermediating direct insurance in the UAE (outside of the DIFC) is prohibited by DFSA administered legislation and the UAE Federal Law. The DFSA will take appropriate action against firms in the DIFC that engage in any unlicensed insurance activities.

We worked closely with our colleagues at the UAE Insurance Authority on this matter, and I am grateful to the Authority for their co-operation and assistance."

A copy of the DFSA's Decision Notice 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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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 also exercises delegated enforcement powers under the DIFC Companies Law. These include powers to investigate the affairs of DIFC companies and partnerships where a material breach of DIFC Companies Law is suspected and to pursue enforcement remedies available to the Registrar of Companies (Roc).

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

Ian 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, Ian played a leading role in the Trustee industry and served on the National Council of the Trustee Corporations Association.

In 1999, Ian 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, Ian took up a position with the Hong Kong Securities and Futures Commission as a Special Advisor.

Ian 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).