

JURISDICTION: UNITED ARAB EMIRATES – DUBAI AUTHORITY: DUBAI FINANCIAL SERVICES AUTHORITY (DFSA)

Background

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, United Arab Emirates.

The DFSA's regulatory mandate includes among others asset management, banking and credit services, securities, collective investment funds, custody and trust services, providing money 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 and counter-terrorist financing requirements applicable in the DIFC.

The DFSA also:

- authorises and registers institutions and individuals who wish to conduct financial services in or from the DIFC;
- supervises regulated participants and monitors their compliance with the laws, regulations and rules that apply; and
- enforces the legislation that they administer.

Sustainability objectives

The Dubai Financial Services Authority (DFSA) is actively promoting the sustainability agenda and supporting the development of sustainable finance in the Dubai International Financial Centre (DIFC), Dubai and the United Arab Emirates (UAE).

DFSA joined the SIF in early 2020, while it previously contributed to the SIF work through its participation in the IAIS. DFSA is also a member of the NGFS where, as part of Workstream 1, it has contributed to the drafting of the Guide for Supervisors, integrating climate-related and environmental risks into prudential supervision, published in May 2020. DFSA's participation in this allows it to build capacity in the area of sustainability while contributing to developing standards and bringing the regional perspective to the sustainability debate. The DFSA is also a participant in IOSCO, which has equally furthered the sustainable finance development through its Growth and Emerging Markets Committee and the Sustainable Finance Network.

DFSA's domestic initiatives to support the sustainability agenda have involved working with other UAE authorities. The UAE intends to meet the challenges of climate change under the framework of the 2030 Agenda and the strategic plans of each emirate, which constitute enablers contributing towards the achievement of the Sustainable Development Goals (SDGs). In particular, in late 2019, the *UAE Working Group* was created involving the UAE financial regulators, including the DFSA, the UAE Central Bank, the Emirates Securities and Commodities Authority, the Insurance Authority, the Financial Services Regulatory Authority of ADGM, the Ministry of Climate Change and Environment, several UAE exchanges (including Dubai Financial Market, Nasdaq Dubai and Abu Dhabi Securities Exchange) and other bodies such as the Dubai Islamic Economy Development Centre. The UAE

Working Group, which collaborates with the UAE National Committee on SDGs to be aligned with the UAE's priorities set out in the 2030 Agenda, serves as a platform to discuss and further the SDGs through the financial industry.

In January 2020, following industry consultation, the UAE Working Group published the *UAE Guiding Principles*, which constitute a joint commitment of the ten signatories on the minimum elements of a sustainable finance framework in line with prevailing international recommendations and standards. The document comprises three principles, applicable to all branches of the financial services industry including insurance, which address the following areas:

- Integrating ESG factors to governance, strategy and risk management by financial firms;
- Minimum eligibility requirements for a product to be labelled sustainable; and
- Promoting appropriate ESG-related reporting and disclosures.

In addition, DFSA-regulated firms, such as HSBC and Nasdaq Dubai, alongside the Hawkamah Institute for Corporate Governance, Dubai Financial Market, Emirates NBD, DP World, DEWA, and others, created in July 2019 the 'Dubai Working Group on Sustainable Finance', which aims to embed ESG aspects into the Dubai financial sector, mainstreaming ESG risk analysis and identifying business opportunities for innovation.

Membership of any other initiatives/networks working on sustainability

- IAIS
- IOSCO
- NGFS

Recent engagement with SIF

The DFSA participated in SIF's virtual meetings held in May 2020, and were involved in the development of SIF's Future Work Programme by providing detailed feedback. They also provided a detailed update in SIF's half yearly report published in June 2020, and have contributed to the SIF/IAIS Application Paper on the Supervision of Climate-related Risks in the Insurance Sector.

