

DEAR SEO LETTER – from SUPERVISION (Q&A)

Following recent communications, we are sharing this update as part of Supervision's ongoing engagement with firms.

Through our ongoing discussions with regulated entities, industry participants and advisors, a number of common practical questions emerged.

This note aims to address those questions and provide clarity on how we are approaching these issues.

The FSRA remains fully operational and supervisory staff fully accessible. We encourage firms to continue engaging with their usual supervisory contacts, particularly where challenges arise.

Regards

Mary Anne Scicluna

Senior Executive Director – Supervision & Markets

<p>Do We need to notify FSRA of developments affecting our operations?</p>	<p>Yes. Firms should continue to notify FSRA promptly of any material developments affecting:</p> <ul style="list-style-type: none"> - Operations, governance or systems and controls - Financial position - Client servicing capabilities - Ability to meet regulatory obligations <p>Early engagement allows us to work with you and provide timely guidance.</p> <p>Notifications should include, where relevant:</p> <ul style="list-style-type: none"> - Contingency measures implemented - Changes to operational arrangements (including remote working) - Staffing changes - Reliance on third-party providers
<p>Will there be flexibility on regulatory reporting timeline?</p>	<p>Our expectation is that firms meet their regulatory obligations on time.</p> <p>However, where challenges arise, we encourage firms to engage with us early. Revised timelines may be considered on a case by case basis.</p> <p>Firms should fully explain the issue faced, their proposed approach in dealing with the issue and how key obligations continue to be met.</p>
<p>How should we approach governance and staffing issues?</p>	<p>Our focus is on whether firms have adequate resources relative to their business model, dependant on size, scale and complexity, beyond the prescribed Approved Persons.</p> <p>Where temporary adjustments are needed, firms should reach out immediately to FSRA Supervision. Any temporary adjustments should be:</p> <ul style="list-style-type: none"> - Proportionate and formally approved by the Board of the firm - Documented clearly

	<ul style="list-style-type: none"> - Timeframes and reversion plans clearly defined
What are FSRA's expectations on remote working or key individuals being outside the UAE?	<p>Our focus is on effectiveness and accountability primarily in the current circumstances.</p> <p>Where remote working is used:</p> <ul style="list-style-type: none"> - Ensure governance, oversight and decision-making remain effective - Maintain regular regulatory engagement - Keep arrangements under review - Have credible reversion plans <p>Firms are expected to inform the FSRA where extended remote arrangements are in place and ongoing</p>
Can control functions (e.g. Compliance and MLRO) be outsourced?	The standard outsourcing requirements continue to apply, with accountability remaining with the firm.
Are AML / CFT and client due diligence expectations changing?	AML / CFT standards remain unchanged.
Is there any capital relief available?	<p>Any firm that may be experiencing pressure should:</p> <ul style="list-style-type: none"> - Engage FSRA early - Ensure prudent capital planning and stress testing - Escalate where thresholds may be approached. <p>Supervisory assessments will remain on a case-by-case and forward-looking, dependant on the nature and scale of the business including risks posed to clients and investors</p>
Can licences be paused or relaxed during disruptions?	There is no concept of a 'licence pause'. However, where needed, existing tools may be considered including licensing variations, restrictions, suspension or withdrawals. All processes continue in line with standard requirements.
What are the expectations around business continuity planning?	<p>Firms should maintain robust and evolving BCPs. Boards should ensure plans are:</p> <ul style="list-style-type: none"> - Actively reviewed and tested - Supported by clear governance - Linked to practical operational readiness and where appropriate implementation.

FINAL NOTE

Where temporary measures are adopted, firms should ensure they are:

- Proportionate
- Risk assessed
- Clearly documented
- Time-bound
- Supported by reversion plans

We encourage firms to maintain a clear audit trail of decisions and to continue to engage with FSRA early where questions arise.

We will continue to take a pragmatic, case by case and proportionate approach and remain committed to constructive engagement with firms during this period.