

Dubai Financial Services Authority (DFSA) via their letter dated 11 June 2024 issued updates pertaining to the Thematic Review on Firm Disclosures. 'Disclosures', include all client communications, including, but not limited to, Financial Promotions and other marketing materials. Below mentioned are the highlights derived from the letter.

## **Key Findings:**

### ***1. Financial Promotions Requirements***

**Lack of Clarity on Requirements:** Some firms are unclear about Financial Promotions requirements, with policies merely restating DFSA rules without demonstrating practical implementation.

**Misclassification of Financial Promotions:** Some firms incorrectly provided stationery and generic market outlook reports as examples of Financial Promotions, which do not fall under this category.

**Expectation:** Develop and implement tailored, effective policies to demonstrate adequate systems & controls for Financial Promotions.

### ***2. Approval and Ongoing Monitoring of Financial Promotions***

**Effective Practices Lacking:** Majority of the firms do not maintain a detailed register of marketing materials, ensuring compliance and currency of information.

## Key Findings (Continued):

### *3. Marketing Material Intended for Professional Clients*

**Insufficient Clarity:** Many firms do not clearly indicate that their marketing materials are intended for Professional Clients only. Furthermore, a significant number of firms failed to mark their websites as intended for Professional Clients only, violating COB Rules 3.2.4(1)(c) and 3.2.5(a).

**Expectation:** Firms must clearly mark materials intended for Professional Clients and ensure they are not directed to retail clients.

### *4. Disclosures in Marketing Materials*

**Imbalanced Representations:** Some firms do not present a fair and balanced view of financial products/services, particularly regarding past performance and forecasts.

**Lack of Adequate Disclosures:** Marketing materials often miss prominent risk warnings and sources of past performance data.

**Expectation:** Firms must ensure marketing materials are clear, fair, and not misleading, with appropriate risk warnings as required by COB 3.2.1 & 3.2.6.

### *5. Distinction between DIFC Entity and Group Entities*

**Confusion Between Entities:** Many firms do not distinguish between DIFC entities and group entities, leading to potential misrepresentation of services and regulatory status.

## Key Findings (Continued):

**Non-Compliance with Licensing Scope:** Some firms describe services on their websites that do not align with their DFSA License.

**Expectation:** Firms must clearly distinguish between entities, accurately reflect their services, and ensure website content is consistent with their regulatory permissions

### *6. Disclosure of Regulatory Status and Contact Details*

**Incomplete Disclosures:** A significant number of firms do not include their regulatory status or contact details in marketing materials.

**Unapproved Trading Names:** Some firms use trading names that are not approved by the DFSA.

**Expectation:** Firms must disclose their regulatory status and contact details in all marketing materials and notify the DFSA of changes to these details as per GEN 11.10.2.

### *7. Use of the DFSA's Logo*

**Unauthorized Use:** A few firms use the DFSA's logo without permission, violating GEN Rule 6.4.2(4).

**Expectation:** Firms must seek written permission from the DFSA before using its logo and comply with any conditions for use.