

CONSULTATION PAPER NO. 161



ENHANCING PROPORTIONALITY IN PRUDENTIAL REGULATION

8 October 2024

PREFACE

Why are we issuing this Consultation Paper (CP)?

1. The purpose of this paper is to enhance, through a series of proposals, the proportionality of our prudential regime for a large subset of Authorised Firms (hereinafter – firms). This will mean that prudential requirements are better weighted for firms with lower complexity and risk, acknowledging there is a logical relationship between increasing regulatory requirements and the growing risk profile of a firm. We expect that the proposed model for capital and liquidity requirements will be more aligned to the risk profiles and business models of our firms.

Who should read this CP?

2. This CP should primarily be of interest to potential applicants and existing firms in Category 3 of the DFSA's prudential classification.
3. Certain elements of our proposals will also be relevant to firms in prudential Category 2 and 4 (including but not limited to firms Dealing in Investments as Principal, firms providing Money Transmission, Crowdfunding Operators, Fund Administrators and Insurance Managers), as well as to auditors and advisers to our firms, and the financial services industry in the DIFC.

Terminology

4. In this CP, defined terms have the initial letter of a word, or of each word in a phrase, capitalised and are defined in the Glossary module ([GLO](#)). Unless the context otherwise requires, where capitalisation of the initial letter is not used, the expression has its natural meaning.

What are the next steps?

5. Please send comments online by clicking [here](#). You will need to identify the organisation you represent in providing your comments. The DFSA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise at the time of making comments. The deadline for providing comments is **10 January 2025**.
6. Following the public consultation, we will proceed to make changes to the DFSA Rulebook, having considered and reflected (where appropriate) the points raised in the consultation. You should not act on the proposals until the relevant changes are made to the DFSA Rulebook. We will issue a notice on our website when this happens.

Structure of this CP

7. The paper is structured as follows:

SECTION A: REVISING THE EXPENDITURE BASED CAPITAL MINIMUM

- (a) Removing the EBCM for firms that do not hold Client Assets
- (b) Setting the right size of the EBCM

- (c) Widening the scope of eligible assets for the liquidity requirement
- (d) Adjusting Annual Audited Expenditure to determine the EBCM

SECTION B: INTRODUCING AN ACTIVITY BASED CAPITAL REQUIREMENT

- (a) The new (loss-absorbing) activity based capital requirement
- (b) The overall Capital Requirement of a firm
- (c) The quality of Capital Resources to meet the Capital Requirement

SECTION C: TARGETED CHANGES FOR ENHANCED PROPORTIONALITY

- (a) Removing the 'Basel regime' for firms dealing as agent
- (b) The Base Capital Requirement for firms dealing as agent
- (c) Changing the prudential category for matched principal dealers
- (d) Changing the prudential category for ATS Operators
- (e) The Base Capital Requirement for asset managers and Fund Managers
- (f) The Base Capital Requirement for fund custodians and trustees to funds
- (g) Removing the requirement on professional indemnity insurance (PII)
- (h) Introducing minimum standards for PII
- (i) Changing the scope of the Regulatory Returns Auditor's Report
- (j) Adjusting the EBCM for certain firms in Category 4
- (k) Next steps and implementation date

Annex 1: Questions in this consultation paper

Annex 2: DFSA's prudential regime (before the proposals in this CP)

Annex 3: DFSA's prudential regime (after the proposals in this CP)

Appendix 1: Draft amendments to the Prudential – Investment, Insurance Intermediation and Banking (PIB) module;

Appendix 2: Draft amendments to the Fees (FER) module;

Appendix 3: Draft amendments to the Glossary (GLO) module; and

Appendix 4: Draft amendments to the Auditor (AUD) module.

INTRODUCTION

8. Our current prudential requirements were introduced in the PIB module more than a decade ago.¹ Since then, the financial services industry in the DIFC has grown, and the number of firms has increased significantly, deepening our focus on a more targeted application of our Rules and smarter allocation of supervisory resources for effective risk-based supervision. Our Rules have served their purpose well to strengthen the industry; however, we think it is the right time to examine the proportionality of our prudential regime further and make changes, where appropriate.

¹ This CP does not cover firms subject to the PIN module of the DFSA Rulebook.

9. Our efforts in this area are a continuation of our policy line taken in CP145 (2022)², the primary objective of which was to relieve the undue regulatory burden associated with capital requirements imposed on a subset of firms in Category 4 (defined as Lower Prudential Risk Firms³ in the PIB module). In CP145, the DFSA took a view that the wind-down of Lower Prudential Risk Firms does not pose a risk to Clients and markets, and therefore the Expenditure Based Capital Minimum (EBCM) was removed for these firms. This was achieved after we explained in CP145 the policy intention behind each form of capital requirement that we apply to various types of firms and business models, as set out in the table below.

Base capital	Risk-based capital	Expenditure-based capital
<i>'licencing threshold capital requirement'</i>	<i>'loss-absorbing capital requirement'</i>	<i>'wind-down capital requirement'</i>
An authorisation tool to assess an applicant's financial resources and commitment at the licensing stage, and then continuously as a minimum requirement to maintain the licence.	A layer of capital (individual to the firm's activity and risk profile) that is intended to absorb on-going losses and prevent the firm from disorderly failure when first losses occur.	A level of capital (individual to the firm's size) that is meant to cover the vital expenses of the firm while it is winding down, either through voluntary or involuntary liquidation.

10. In contrast, this CP is wider in focus, in terms of the types of firms captured and the scope of regulation covered. It is however still guided by the same statutory objectives and guiding principles, which are to:⁴
- foster and maintain fairness, transparency and efficiency in the financial services industry in the DIFC;
 - foster and maintain the financial stability of the financial services industry in the DIFC;
 - minimise the adverse effects of the activities of the DFSA on competition in the financial services industry; and
 - ensure that the cost of regulation is proportionate to its benefits.
11. In terms of the scope of firms covered, this CP undertakes a comprehensive review of our prudential regime for firms in Category 3, primarily focused on capital and liquidity requirements applicable to firms carrying out the following Financial Services:
- Dealing in Investments as Agent;
 - Managing Assets;

² DFSA CP145 (2022): Regulatory Requirements for Lower Risk Firms ([here](#)).

³ PIB Rule [1.3.6A](#).

⁴ [Article 8 of the Regulatory Law No. 1 of 2004](#).

- Managing a Collective Investment Fund;
 - Managing a (Restricted) Profit Sharing Investment Account (PSIA);
 - Providing Custody; and
 - Acting as the Trustee of a Fund.⁵
12. Relevant firms will find that the scope of proposed regulatory changes includes:
- certain reductions to the Base Capital Requirement and the EBCM;
 - applicable liquidity requirements are to be adjusted and made more flexible;
 - the introduction of a new activity based capital requirement to support the availability of loss-absorbing capital; and
 - the removal of the requirement to have professional indemnity insurance (PII) for the majority of Domestic Firms and Branches.
13. In addition, targeted amendments are proposed in relation to certain firms in prudential Category 2 and 4, but these are partly consequential, resulting from our re-evaluation of the proportionality of the prudential regime as a whole. In particular:
- firms in Category 2 (i.e. carrying out the Financial Service of Providing Credit and Dealing in Investments as Principal) may benefit from a proposed adjustment to the calculation of the Annual Audited Expenditure that forms the basis for the EBCM;⁶ and
 - firms in Category 4 (i.e. carrying out the Financial Service of Insurance Management, Insurance Intermediation, Money Transmission, Providing Fund Administration, Providing Trust Services, and Operating a Crowdfunding Platform) will find proposed minimum standards for their PII, while a subset of firms in the same category will find proposed revisions in, or removal of their EBCM.
14. We have not reviewed the capital requirements for Money Services Providers in Category 3D and 4, nor for firms Operating, or Acting as the Administrator of, an Employee Money Purchase Scheme (EMPS firms) in Category 3B. The only changes relevant to these firms are consequential, related to our proposed changes around the EBCM, liquidity and PII requirements. In particular, these firms may benefit from (i) the proposed adjustment to the Annual Audited Expenditure for EBCM purposes, and (ii) the added flexibility in the liquidity requirements. The PII requirement will be removed for Money Services Providers, while EMPS firms will find proposed minimum standards for their PII.

⁵ Fund Managers of Venture Capital Funds in Category 3C are exempt from capital requirements and, therefore, are not captured by our proposals in this CP. See DFSA CP133 (2020): The Future of Finance: Venture Capital ([here](#)). In this CP, the only change applicable to these firms is in Section C of the CP, and relates to the proposed removal of the PII requirement.

⁶ We plan to explore the wider issue of proportionality and regulatory burden for firms in Category 2 at a later stage.

15. In formulating our proposals in this CP, we relied on our supervisory experience over the last 15 years, backed by regulatory data, and were guided by the prudential framework for investment firms in the EU/UK (the “IFD/IFR” regime).⁷

SECTION A: REVISING THE EXPENDITURE BASED CAPITAL MINIMUM

(a) Removing the EBCM for firms that do not hold Client Assets

16. As a financial regulator, it is incumbent on us to ensure the orderly wind-down of our firms, with a view to protecting Clients and markets, as well as the financial stability and reputation of our jurisdiction. To that end, the EBCM covers the running costs of a firm during liquidation and, as such, seeks to ensure an orderly wind-down.
17. However, a large subset of firms in Category 3 do not typically hold the same class of financial assets on their balance sheets as firms in Category 1, 2 or 5 (such as loans or securities positions), and they do not take deposits. These are businesses whose liabilities are primarily focused on their employees and providers of services or premises. With no liability holders to be necessarily protected by the regulator, we believe that the wind-down capital requirement (i.e. the EBCM) should not apply to firms in Category 3, unless they hold Client Assets.
18. Although potential harm to employees and service or premise providers could arguably have a reputational impact on the market, we believe that the laws and regulations in place in the DIFC provide safeguards around contractual relationships between firms and their employees, as well as landlords, to a satisfactory degree, beyond which no extra prudential safeguards are necessary in the form of a wind-down capital requirement. More specifically:
- with the introduction of the DIFC Employee Money Purchase Scheme as an end-of-service benefit scheme plan, additional safeguards were put in place to protect employees in the DIFC (in terms of placing their end-of-service benefits in a regulated trust structure, rather than being held as a contingent liability of the employer), including DFSA Rules for regulating the operation and administration of the EMPS⁸; and
 - the remaining liabilities of these firms usually take the form of lease payments, where rents are usually paid for several months upfront, and deposits are collected under a protected scheme.
19. Wind-down risk becomes important, and prudential safeguards necessary, when firms are holding Client Assets or Insurance Monies. In such cases this can bring about a complex mix of contractual obligations when it comes to unwinding Clients’ positions either through: (i) liquidation of the assets and returning of the proceeds to the Client; or (ii) transferring of the existing positions (together with titles and mandates) to another provider. The time and resources required to

⁷ EU Regulation 2019/2033 ([here](#)) and Directive 2019/2034 ([here](#)).

⁸ Around 40,000 employees have joined the plan, including staff working for DIFC firms and others. The operator, administrator and adviser to the scheme are firms subject to our EMPS regime ([Chapter 12](#) of the COB module).

ensure an orderly return or transfer process creates a strong reason for the continued application of the EBCM.

20. On that basis, we are proposing to remove the EBCM for firms in Category 3 that do not hold Client Assets.⁹ The EBCM will remain applicable to firms holding Clients Assets, including those Providing Custody, Acting as the Trustee of a Fund, or Managing Collective Investment Funds.

Please see draft PIB Rule 3.7.1 in Appendix 1.

Question 1:

Do you agree that the EBCM should be removed for firms in Category 3 that do not hold Client Assets?

21. As we have proposed to remove the EBCM for firms in Category 3 that do not hold Client Assets, it is no longer necessary to require those firms to keep liquid funds in excess of their EBCM to support the wind-down, which is the current liquidity requirement for these firms.¹⁰
22. However, we propose that firms, who are not subject to the EBCM, should still hold a certain portion of their balance sheet assets in liquid form. As a regulator, we want our firms to maintain a portion of their assets readily available for unexpected events, but also as a way to support their own financial standing as self-sufficient entities in the DIFC. Therefore, we propose that liquid assets for firms in Category 3 and 4, that are not subject to the EBCM, are held in an amount that exceeds their Base Capital Requirement.

Please see draft PIB Rule 3.5.3(1)(b) in Appendix 1.

Question 2:

Do you agree that firms in Category 3 and 4 that are not subject to the EBCM should hold liquid assets in an amount that exceeds their Base Capital Requirement?

(b) Setting the right size of the EBCM

23. Currently in our Rules, two size measures for the EBCM apply to Category 3 firms depending on whether they hold Client Assets (18/52 of Annual Audited Expenditure) or not (13/52 of Annual Audited Expenditure). After removing the EBCM for firms that do not hold Client Assets, we propose that, going forward, the size measure of the EBCM for firms holding Client Assets is set at 13/52 of Annual Audited Expenditure.¹¹
24. From our benchmarking analysis, the EU and the UK have consistently used one-quarter (1/4) of fixed overheads (translating to 13/52 of Annual Audited Expenditure, in DFSA terminology) as the standard measure for the wind-down capital requirement, starting from the date when the original Capital Adequacy

⁹ Apart from Money Services Providers and EMPS firms, as explained in paragraph 14 of the CP.

¹⁰ PIB Rule [3.5.3](#).

¹¹ Apart from Money Services Providers and EMPS firms, as explained in paragraph 14 of the CP.

Directive (CAD) and Investment Services Directive (ISD) were introduced,¹² up until now in the IFD/IFR. Our proposal is to align our regime with the international practice and apply 13/52, as the standard measure for the EBCM. When the DIFC was established, a larger EBCM (18/52 of Annual Audited Expenditure) was assigned for firms holding Client Assets or Insurance Monies. However, the situation is different today in light of the existing regulatory safeguards in place.

25. Following the proposal to set the EBCM at 13/52 of Annual Audited Expenditure, firms in Category 3 will be required to hold a relatively smaller amount of liquid assets for regulatory purposes. This is because of the current requirement in our Rules that purposefully determines the size of liquid assets in relation to EBCM (for obvious reasons around the availability of funds in a wind-down scenario).

Please see draft PIB Rule 3.5.3 and Rule 3.7.2 in Appendix 1.

Question 3:

Do you agree that we should readjust the size of the EBCM to 13/52 of Annual Audited Expenditure for the firms in Category 3 (excluding Money Services Providers and EMPS firms), while adjusting the liquidity requirement accordingly?

(c) Widening the scope of eligible assets for the liquidity requirement

26. Our Rules require that firms in Category 3 and 4 hold liquid assets generally in the form of a bank deposit. We understand that a number of firms have struggled with this restriction (and the inability to hold, for example, US treasury bonds), especially in the recent past where the opportunity cost of liquidity has gone up due to higher interest rates.
27. We propose to broaden the scope of qualifying assets that can count towards the liquidity requirement for firms in Category 3 and 4. We propose to require firms to continue holding liquid assets in the types of instruments that are currently permitted in our Rules (1/3 of the total), while the rest (2/3 of the total) may be kept in other qualifying instruments, which we define in the next paragraphs.
28. When it comes to 1/3 of total liquid assets, we propose a minor technical update to the current definition. Aside from bank deposits, which is the most common type, our Rules define a special class of short-term and low-risk receivable that may also count towards the liquidity requirement. These are securities trading and clearing related receivables from regulated clearing houses. Similar to these, we propose to also permit the use of cash receivables from regulated merchant acquirers for card-based payment transactions; we have had a number of Money Services Providers requesting to use these receivables in the liquidity requirement. We believe the level of settlement risk in both scenarios is similar; both types of receivables are usually settled within T+3, and all counterparties are regulated financial institutions.

Please see draft PIB Rules 3.5.3(2)(f) and 3.5.3(5) in Appendix 1.

¹² EU Directive 93/6/EEC ([here](#)) and Directive 93/22/EEC ([here](#)).

Question 4:

Do you agree that firms in Category 3 and 4 should hold at least 1/3 of their liquid assets in the types of instruments that are currently permitted in our Rules, while expanding the scope to include cash receivables from regulated merchant acquirers for card-based payment transactions?

29. When it comes to the remaining 2/3 of total liquid assets, we propose that certain qualifying instruments can be used to meet the liquidity requirement. However, expanding the definition to include other liquid assets, opens up an array of financial risks for a firm, namely credit, market, and liquidity risks. In order to mitigate these risks, we propose that any qualifying instruments that count towards the remaining 2/3 of total liquid assets need to meet the following criteria:
- a. debt securities representing claims on a sovereign, Central Bank, PSE, or MDB, with a credit rating that matches Credit Quality Grade 1 by an ECAI;¹³
 - b. the instruments are denominated in USD or AED;
 - c. the remaining maturity of the instruments must be 12 months or less;
 - d. the instruments are valued conservatively on an on-going basis, taking into account the likely deterioration in the value of assets under market-wide stress conditions; and
 - e. the instruments are held with a qualifying custodian.

Please see draft PIB Rule 3.5.3(2)(g) and 3.5.3(4) and (5) in Appendix 1.

Question 5:

Do you agree that firms in Category 3 and 4 can hold up to 2/3 of their total liquid assets in instruments that meet the proposed qualifying criteria?

(d) Adjusting Annual Audited Expenditure to determine the EBCM

30. The EBCM is calculated as a fraction of Annual Audited Expenditure, net of specific expenditures that are unlikely to be incurred when the firm is winding down (for example, staff bonuses).¹⁴ We propose to remove amortisation and depreciation costs (on intangibles and fixed assets) from the calculation of the EBCM as these expenditures are not incurred when the firm is winding down.

Please see draft PIB Rule 3.7.3(1)(g) and (h) in Appendix 1.

Question 6:

Do you agree that amortisation and depreciation costs should be removed from the calculation of Annual Audited Expenditure, which informs the size of the EBCM?

¹³ PIB Rule [1.2.1](#).

¹⁴ PIB Rule [3.7.2](#) and Rule [3.7.3](#).

SECTION B: INTRODUCING AN ACTIVITY BASED CAPITAL REQUIREMENT

(a) The new (loss-absorbing) activity based capital requirement

31. A subset of relatively new business models that we regulate are subject to an operational risk capital requirement (i.e. Money Services Providers in Category 3D),¹⁵ whereas other firms in Category 3, for example, have not been subject to similar requirements historically (e.g. custodians, asset managers). We propose to harmonise our regime and introduce an activity based capital requirement that will serve as a going-concern capital requirement for firms in Category 3 that carry out the following Financial Services:
- Dealing in Investments as Agent;
 - Managing Assets;
 - Managing a Collective Investment Fund;
 - Managing a (Restricted) Profit Sharing Investment Account (PSIA);
 - Providing Custody; and
 - Acting as the Trustee of a Fund.
32. A going-concern capital requirement is required so that firms can stay afloat for longer while experiencing on-going losses and so that Clients and markets (who rely on the financial services of the firm) can benefit from uninterrupted services to the extent possible. Going-concern capital requirement is also required to compensate Clients for undue harm caused as a result of external events, failed processes and human error in the safekeeping and administration of assets, incorrect management of securities portfolios or poor execution.
33. In search of an international benchmark for a going-concern capital requirement, we find that the IFD/IFR regime in the EU/UK is the most progressive regime for investment firms internationally.¹⁶ With that in mind, we propose that the activity based capital requirement for Category 3 firms in paragraph 31 is determined by the sum of the following metrics from the IFD/IFR regime.

Capital Requirement for Assets under Management (K-AUM)	+	Capital Requirement for Assets Safeguarded and Administered (K-ASA)	+	Capital Requirement for Client Orders Handled (K-COH)
<i>Assets under Management * 0.02%</i>		<i>Client Assets under Custody * 0.06%</i>		<i>Cash (and Derivative) Trades * 0.1% (and 0.01%)</i>

¹⁵ Called the Transaction Based or Stored Value Capital Requirement in the PIB Module, the primary purpose behind this capital requirement is to cover potential losses from operational risk for a Money Services Provider.

¹⁶ The IFD/IFR regime has been complemented by secondary legislation from the European Securities and Markets Authority (ESMA) and European Banking Authority (EBA).

Calculated based on the value of assets that a firm manages for its Clients under discretionary or non-discretionary arrangements constituting advice of on-going nature.		Calculated based on the value of Client Assets that a firm holds and total value of Fund Property for which a firm is responsible for its unitholders.		Calculated based on the volume of trade orders executed by a firm on behalf of its Clients.
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34. Firms will need to calculate and report these metrics if they carry out a Financial Service that is captured by that specific metric (otherwise, zeros should be reported). For example, when carrying out Dealing in Investments as Agent, firms would be required to report their figures for K-COH (risk-capital associated with Client orders handled), which would determine their activity based capital requirement. Similarly, firms Managing Assets would report K-AUM (risk-capital associated with assets under management), while firms Managing Collective Investment Funds or Providing Custody would report K-ASA (risk-capital associated with Client Assets safeguarded and administered). When a single firm is carrying on all of the Financial Services referred to above, we would propose that the risk associated with the same asset is not double counted. For example, Fund Managers should only include the same asset once in their calculation of K-AUM and K-ASA, where K-ASA has the relatively higher coefficient and should therefore prevail over K-AUM when it comes to calculating the activity based capital requirement for that specific asset.

Please see draft PIB section 3.8C in Appendix 1.

Question 7:

Do you agree that we should introduce an activity based capital requirement for the relevant firms in Category 3, as determined by the sum of K-AUM, K-ASA and K-COH?

35. When it comes to the methodology for calculating AUM, ASA and COH, we propose to harmonise, to the extent possible, the required data points for AUM, ASA and COH with information that we already collect via EPRS returns B420.1 (Asset Management), B420.2 (Ancillary Asset Management Services) and B440 (Executing Exchange Traded Products). As a result, we believe most firms will have minimal issues in sourcing the right data as they are familiar with the information currently reported through EPRS.¹⁷
36. When it comes to the coefficients used, the IFD/IFR sets out different coefficients for Client Money (0.4%) and Client Investments (0.04%) held. Considering the fact that Client Money in our experience is generally a small proportion of Client Assets, we have calculated a single coefficient of 0.06% for Client Assets held. This is based on the historical data available to us on the proportion of Client Money and Investments held by our firms (Client Money is usually under 5% of

¹⁷ We propose to create a reporting form (with a sequential number B480 in the EPRS structure) to capture the figures for K-AUM, K-ASA and K-COH. We will keep the form simple, without requiring disclosures of the inclusions or exclusions that go into the formula. This is consistent with our approach for capturing high-level data on capital requirements from Money Services Providers (as an analogy).

total Client Assets).

Please see draft PIB section 3.8C and Rule A2.4.1 in Appendix 1.

Question 8:

Do you agree with the methodology of capturing the data and applying the coefficients proposed to calculate K-AUM, K-ASA and K-COH?

(b) The overall Capital Requirement of a firm

37. With the proposed introduction of the activity based capital requirement for Category 3 firms in paragraph 31, we propose that the overall Capital Requirement is determined as the highest of the Base Capital Requirement, the activity based capital requirement, or the EBCM (where applicable). This is consistent with the IFD/IFR regime and in line with our current methodology, which determines the overall Capital Requirement of the firm as the highest of the various forms of capital requirements that are applicable to that specific firm.

Please see draft PIB Rule 3.5.2 Appendix 1.

Question 9:

Do you agree that the overall Capital Requirement for the relevant firms in Category 3 is the highest of the Base Capital Requirement, activity based capital requirement or EBCM (where applicable)?

38. Under Article 75A of the Regulatory Law, we may require firms to comply with specified additional capital or liquidity requirements. We propose to introduce guidance in the PIB module to explain that we may impose firm-specific additional capital or liquidity requirements where we consider that the overall Capital Requirement is not commensurate with a firm's risk profile.

Please see draft PIB Guidance to Rule 3.5.3 in Appendix 1.

Question 10:

Do you agree that we should introduce guidance to PIB Rule 3.5.3 to explain our expectations for imposing specific (additional) capital or liquidity requirements on individual firms in Category 3 and 4, where applicable?

(c) The quality of Capital Resources to meet the Capital Requirement

39. Our Rules currently require that Common Equity Tier 1 (CET1) Capital is used to meet the Base Capital Requirement, while a combination of Additional Tier 1 (AT1) and Tier 2 (T2) Capital may be used to meet any requirement over and above the Base Capital Requirement, without regulating the exact proportion of various tiers that can be used by firms in Category 3B, 3C, 3D and 4.¹⁸ In order to ensure the loss-absorbency of Capital Resources in a firm, we intend to clarify our Rules and propose the following tiers of qualifying capital for firms in Category 3 and 4 (in line with the existing approach for firms in Category 2):

¹⁸ PIB Rule [3.2.7](#) and Rule [3.6.3](#).

- CET1 Capital continues to be required to meet the Base Capital Requirement of the firm (no change);
- CET1 Capital must be used to meet at least 60% of the firm's activity based capital requirement or EBCM (where applicable), whichever is higher; and
- Tier 1 Capital must be used to meet at least 80% of the firm's activity based capital requirement or EBCM (where applicable), whichever is higher (consequently, T2 Capital is restricted to 20%).

Please see draft PIB Rule 3.2.7(1) and (2)(c) in Appendix 1.

Question 11:

Do you agree with the proposed combination of CET1, Tier 1 and Tier 2 Capital to be used to meet the overall Capital Requirement for firms in Category 3 and 4?

SECTION C: TARGETED CHANGES FOR ENHANCED PROPORTIONALITY

(a) Removing the 'Basel regime' for firms dealing as agent

40. Firms Dealing in Investments as Agent in Category 3A do not typically hold financial assets on their balance sheets (such as loans or securities positions) as firms in Category 1, 2 or 5; however, the Risk Capital Requirement (i.e. the Basel regime) applies to these firms, which was ultimately designed for deposit takers and firms trading on own account.¹⁹
41. Therefore, we propose to remove these firms from the Basel regime, including the large exposure limits and ICAAP/IRAP obligations, and treat them like other firms in Category 3. This is in line with the approach in the IFD/IFR in the EU/UK. As a consequence, the regulatory returns for reporting Basel-type Capital Requirements and large exposures will no longer apply to these firms.²⁰

Please see draft PIB Rules 3.4.1, 3.5.1, 3.8.1, 4.1.1, 4.7.1, 4.15.10, 5.1.1, 5.2.1, 5.6.1, 6.1.1(b), 6.11.1, 10.1.1, 10.6.1 and A2.4.1 in Appendix 1.

Question 12:

Do you agree that the 'Basel regime' should be removed for firms Dealing in Investments as Agent?

42. When it comes to liquidity requirements, we propose that firms in Category 3A are subject to the same requirements as the other firms in Category 3, including the proposed split between 1/3 and 2/3 of liquid assets held in qualifying instruments. The liquidity requirement is essential for Category 3A firms in order to ensure that a portion of the balance sheet assets is available to the firm, for strong financial standing and for orderly wind-down when holding Client Assets.

¹⁹ PIB Rule [3.4.2](#).

²⁰ Including but not limited to EPRS returns B110, B150, B140, B130 and the constituent sub-forms of the latter two.

Please see draft PIB Rule 3.5.1(1) in Appendix 1.

Question 13:

Do you agree that firms in Category 3A should be subject to the same liquidity requirements as other firms in Category 3?

(b) The Base Capital Requirement for firms dealing as agent

43. The current Base Capital Requirement applicable to firms Dealing in Investments as Agent is \$500,000.²¹ In terms of benchmarking, the analogous figure for similar firms in the EU/UK is \$190,000 under the IFD/IFR. Thus, we propose to align our regime with benchmarked jurisdictions and reduce the Base Capital Requirement to \$200,000 for these firms. We do not believe that a lower Base Capital Requirement (at the authorisation stage and beyond) would be detrimental since these firms will be subject to the newly proposed activity based capital requirement as their going-concern regulatory minimum.

Please see draft PIB Rule 3.6.2 in Appendix 1.

Question 14:

Do you agree that we should reduce the Base Capital Requirement applicable to firms Dealing in Investments as Agent from \$500,000 to \$200,000?

(c) Changing the prudential category for matched principal dealers

44. Firms Dealing in Investments as Matched Principal in Category 3A are permitted to have incidental and temporary positions on their balance sheet, thus exposing them to counterparty credit and foreign exchange risks.²² The Basel regime is well designed to cover these risks and we intend to maintain the *status quo*, in terms of the applicable capital requirements for these firms.
45. Nevertheless, as we have proposed in paragraph 42 to remove the Basel regime for firms in Category 3A, we intend to move firms Dealing in Investments as Matched Principal into Category 2, where the Basel regime is applicable. This is a technical change, as it provides a clear distinction between Category 2 firms and Category 3 firms. We do not intend to change the Base Capital Requirement for firms Dealing in Investments as Matched Principal, and it will remain at \$500,000.²³

Please see draft PIB Rules 1.3.3 and 3.6.2 in Appendix 1.

²¹ PIB Rule [3.6.2](#).

²² Dealing in Investments as Matched Principal means entering into transactions as a principal only for the purpose of fulfilling Clients' orders, such that the firm hold positions for its own account only as a result of a failure to match Clients' orders, and that such positions are incidental in nature and limited to the time required to carry out a transaction of that nature. See the full definition in PIB Rule [1.3.3](#).

²³ We plan to address the issue of proportionality and regulatory burden for firms in Category 2 at a later stage.

Question 15:

Do you agree that firms Dealing in Investments as Matched Principal should be moved from prudential Category 3A to Category 2, without changing their Capital Requirement?

(d) Changing the prudential category for ATS Operators

46. ATS Operators are currently in Category 4. We believe the current review of the prudential regime is the right opportunity to ensure that firms with similar business, risk and regulatory profiles are subject to the same prudential categories. With that in mind, we propose that ATS Operators are moved from Category 4 to Category 3A, for the following reasons:
- ATS Operators are similar in their core activity to firms Dealing in Investments as Agent, but with the distinction that the latter is matching a Client order with a counterparty on an external market, whereas the ATS Operator is usually matching both orders internally; and
 - Category 4 does not fully reflect the risk profile of ATS Operators, who – at the end of the day – are running a trading platform. A regulated Exchange under the AMI module,²⁴ which also operates a trading platform, on the other hand, is subject to a much more onerous prudential and conduct regime due to the nature of its business.
47. As a consequence of moving ATS Operators into Category 3A, the Base Capital Requirement will be increased from \$140,000 to \$200,000 to match the proposed Base Capital Requirement for other firms in Category 3A. This is in line with the IFD/IFR regime where the analogous requirement is \$190,000.

Please see draft PIB Rules 1.3.3(a), 1.3.6(a) and 3.6.2 in Appendix 1.

Question 16:

Do you agree that ATS Operators should be moved from Category 4 to Category 3A and that the Base Capital Requirement is increased from \$140,000 to \$200,000?

(e) The Base Capital Requirement for asset managers and Fund Managers

48. In 2023, the DFSA implemented a standard modification to reduce the Base Capital Requirement for firms Managing Assets, from \$500,000 to \$230,000. This was done on a temporary basis, subject to a further review. For firms Managing Assets and Managing a (Restricted) PSIA in Category 3C, we now propose to set the Base Capital Requirement at \$140,000, on a permanent basis. Given the similarities of both business models, this will harmonise the Base Capital Requirements applicable to firms Managing Assets and Managing a Collective Investment Scheme (for Public Funds and Credit Funds).
49. When it comes to Fund Managers that manage funds other than Public Funds or Credit Funds, we propose to reduce the Base Capital Requirement from the

²⁴ [AMI](#) module of the DFSA Rulebook.

current level of \$70,000 to \$40,000, in line with what we believe is the right amount, given the (limited) regulatory risk profile of these firms.

Please see draft PIB Rule 3.6.2 in Appendix 1.

Question 17:

Do you agree that we set the Base Capital Requirement at \$140,000 for firms Managing Assets and Managing a (Restricted) PSIA in Category 3C?

Question 18:

Do you agree that we should reduce the Base Capital Requirement for Fund Managers that do not manage any Public Fund or Credit Fund from \$70,000 to \$40,000?

(f) The Base Capital Requirement for fund custodians and trustees to funds

50. The Base Capital Requirement is \$4 million for firms Providing Custody for a Fund and Acting as the Trustee of a Fund. This is significantly higher than the Base Capital Requirement applicable to firms Providing Custody other than for a Fund. We propose to lower the Base Capital Requirement for these firms as follows:
- firms Providing Custody for a Fund (Category 3B) should hold \$500,000 instead of \$4 million. The proposed level is consistent with the requirement for firms Providing Custody other than for a Fund. We have observed no material difference in the risk profile associated with both activities in our supervisory practices over the years, and we see no reason to maintain the difference in Base Capital Requirements applicable to both business models; and
 - firms Acting as the Trustee of a Fund (Category 3B) should hold \$2 million instead of \$4 million, a figure that does not exceed the Base Capital Requirement assigned to firms in the higher prudential Category 2.

Please see draft PIB Rule 3.6.2 in Appendix 1.

Question 19:

Do you agree that we should reduce the Base Capital Requirement for firms Providing Custody (only for a Fund) from \$4 million to \$500,000, and from \$4 million to \$2 million for firms Acting as the Trustee of a Fund?

(g) Removing the requirement on professional indemnity insurance (PII)

51. We currently require firms in Category 3 and 4 to obtain a PII cover.²⁵ Since none of these firms were subject to operational risk capital requirements, the PII was introduced to cover that risk. The PII was not mandated for firms in Category 1 and 2 since the Operational Risk Capital Requirement applied (the Basel regime). Nevertheless, with the proposed introduction of the activity based

²⁵ With the exception of firms in Category 3A and firms in Category 4 that Arrange Custody (PIB Rule [6.1.1\(c\)](#)).

capital requirement, the mandatory PII for firms in Category 3 becomes unnecessary, therefore we propose to remove it.

52. For similar reasons, because Money Services Providers (in Category 3C, 3D and 4) are currently subject to Transaction Based and Stored Value Capital Requirements, we propose that the requirement for PII is also removed. We also propose to remove the PII for Branches, as they are relying on the head office for financial support. Since Fund Managers of Venture Capital Funds are not subject to any capital requirements, as we do not consider that these firms pose any meaningful prudential risk, we propose that the PII is also removed for these firms. As a result, the PII will only remain applicable to EMPS firms in Category 3B and firms in Category 4²⁶.
53. We would invite feedback from the industry on whether or not we should keep the requirement for having PII when firms are carrying on a Financial Service with a Retail Client via an endorsement on their licence.²⁷ We query whether the additional safeguard, in the form of PII, is necessary to protect Retail Clients from errors or negligence by their financial services provider. The DIFC is largely a non-retail financial centre; however, tail-events with low probability and high impact may have the potential to cause consumer harm in a scale that the proposed activity based capital requirement is insufficient to cover when a firm deals with Retail Clients.

Please see draft PIB Rules 6.1.1(c) and 6.12.1 and Guidance in PIB APP6 in Appendix 1.

Question 20:

Do you agree that the requirement to have PII should be removed for Domestic Firms in Category 3 (other than EMPS firms), Domestic Firms providing Money Transmission in Category 4, as well as for all Branches? Please provide comments, if any, whether or not the PII should continue to apply to firms carrying on a Financial Service with Retail Clients.

54. Currently, firms Arranging Custody are not subject to PII requirements. We believe they should be required to obtain PII, as the risks are similar to other types of arrangers, which may leave these types of firm unable to compensate the potential harm caused to Clients as a result of human errors or negligence. Therefore, we propose to introduce a requirement that firms Arranging Custody obtain PII.

Please see draft PIB Rule 6.1.1(c) in Appendix 1.

Question 21:

Do you agree that firms Arranging Custody should be required to have PII?

(h) Introducing minimum standards for PII

55. We have accumulated significant knowledge about the quality of PII arrangements. More often than not, we observe that firms view the PII as a tick-

²⁶ Apart from firms carrying out Money Transmission in Category 4.

²⁷ GEN Rule [2.2.8](#).

box exercise, with the following shortcomings:

- overly wide exclusions from the policy, such that they defeat the purpose of risk transfer;
 - overly high deductibles which may leave the firm vulnerable in case of potential claims; and
 - the policy is sourced from insurance companies that do not give enough confidence about the resilience of the risk transfer arrangement.
56. Having minimum standards for PII is in line with international practice. In our benchmarking analysis, the UK FCA, CBUAE, and the regulators in Ireland, Hong Kong, Cayman Islands and Qatar have specified certain criteria for the PII cover, which includes at least setting out the minimum limits for claims.
57. Based on benchmarking, we propose the following set of minimum standards:
- a. minimum coverage limit of \$800,000 for Insurance Intermediaries and Insurance Managers, while it is \$1 million in all other cases;
 - b. appropriate cover in respect of legal defence costs;
 - c. continuous cover in respect of claims arising from work carried out from the date when the firm was authorised;
 - d. cover in respect of claims for which the firm may be liable as a result of the conduct of itself, its Directors, its Employees or its agents (acting within the scope of their appointment); and
 - e. the underwriter is a regulated insurance firm with a credit rating above a specified minimum (Credit Quality Grade 3 by an ECAI).

Please see draft PIB Rules 6.12.2(a), 6.12.3 and 6.12.4 in Appendix 1.

Question 22:

Do you agree that we should introduce minimum requirements for the PII?

58. With a view to verifying the accuracy of the regulatory returns submitted by the firm to the DFSA, our Rules currently require that a Registered Auditor produces a Regulatory Returns Auditor's Report for a Domestic Firm.²⁸ Among other points, the Registered Auditor should state whether or not the firm has calculated the EBCM in accordance with the Rules in the PIB module.
59. In order to obtain comfort around the calculations of other forms of capital requirements, and not only the EBCM, we propose to expand the scope of the Regulatory Returns Auditor's Report to also include verifications around the calculations of the Transaction Based and Stored Value Capital Requirements (by Money Services Providers) and the proposed activity based capital requirement (by the majority of firms in Category 3).

²⁸ AUD Rule [A1.1.1](#).

Please see draft AUD Rule A1.1.1 in Appendix 4.

Question 23:

Do you agree that we should extend the scope of the Regulatory Returns Auditor's Report to include verifications around the calculation of the Transaction Based and Stored Value Capital Requirements, as well as the proposed activity based capital requirement?

(j) Adjusting the EBCM for certain firms in Category 4

60. Crowdfunding Operators are subject to 6/52 of Annual Audited Expenditure for the EBCM, unless they hold Client Assets in which case the ratio is 18/52. Client Money is generally an integral part of the Crowdfunding Operator's business model, which is why all of our Crowdfunding Operators have the Client Asset endorsement and are operating on the basis of 18/52 of Annual Audited Expenditure. For the same reasons as in Section A around the proposed adjustment of the EBCM for firms holding Client Assets, we propose to set the size of the EBCM at 13/52 for Crowdfunding Operators that hold Client Assets. In rare cases where a Crowdfunding Operator has managed to design a business model that does not require to hold Client Assets, the EBCM should be removed for that firm.
61. Two other types of firms in Category 4, which are currently subject to the EBCM regime, are firms Providing Fund Administration and Providing Trust Services. Since these firms are not permitted to hold Client Assets,²⁹ we propose to remove the EBCM requirement completely.
62. When it comes to Insurance Intermediaries that hold Insurance Monies, the EBCM has been historically set at 9/52 based on the short-term time duration for which Insurance Monies are held by Insurance Intermediaries, when compared to Client Money. We see no reason to change this.
63. However, when it comes to Insurance Managers, the EBCM is twice the EBCM that Insurance Intermediaries with Insurance Monies are required to meet. During the last review of this requirement in CP103³⁰, we took a view that 18/52 was preferred for Insurance Managers because of the concentrated risks in this segment of firms in the DIFC. The DIFC has since grown, and we no longer see the need to keep the EBCM at 18/52. Therefore, we propose to set the EBCM for Insurance Managers that hold Insurance Monies at 9/52, i.e. at the same level as for Insurance Intermediaries that hold Insurance Monies.

Please see draft PIB Rules 3.7.1(c) and 3.7.2 in Appendix 1.

Question 24:

Do you agree that the EBCM is 13/52 of Annual Audited Expenditure for Crowdfunding Operators when they hold Client Assets, while the EBCM is removed where the firm is not holding Client Assets?

²⁹ COB Rule [6.12.2\(1\)](#).

³⁰ DFSA CP103 (2015): Proposals Relating to the Insurance Regime ([here](#)).

Question 25:

Do you agree that the EBCM should be removed for firms Providing Fund Administration and Providing Trust Services?

Question 26:

Do you agree that the EBCM for Insurance Managers that hold Insurance Monies should be reduced from 18/52 to 9/52 of Annual Audited Expenditure?

(k) Next steps and implementation date

64. After considering the comments received to this CP following the close of the consultation period, the changes will be effective as of 1 January 2026, with Q1 2026 being the first regulatory reporting period under the proposed regime. We believe that a transition period may be required in light of the operational, reporting, and capital implications that the changes may have for firms.

Question 27:

Do you agree that the proposed changes (after taking into consideration the feedback from this consultation), should come into force on 1 January 2026?

Annex 1. Questions in this consultation paper

Question 1:

Do you agree that the EBCM should be removed for firms in Category 3 that do not hold Client Assets?

Question 2:

Do you agree that firms in Category 3 and 4 that are not subject to the EBCM should hold liquid assets in an amount that exceeds their Base Capital Requirement?

Question 3:

Do you agree that we should readjust the size of the EBCM to 13/52 of Annual Audited Expenditure for the firms in Category 3 (excluding Money Services Providers and EMPS firms), while adjusting the liquidity requirement accordingly?

Question 4:

Do you agree that firms in Category 3 and 4 should hold at least 1/3 of their liquid assets in the types of instruments that are currently permitted in our Rules, while expanding the scope to include cash receivables from regulated merchant acquirers for card-based payment transactions?

Question 5:

Do you agree that firms in Category 3 and 4 can hold up to 2/3 of their total liquid assets in instruments that meet the proposed qualifying criteria?

Question 6:

Do you agree that amortisation and depreciation costs should be removed from the calculation of Annual Audited Expenditure, which informs the size of the EBCM?

Question 7:

Do you agree that we should introduce an activity based capital requirement for the relevant firms in Category 3, as determined by the sum of K-AUM, K-ASA and K-COH?

Question 8:

Do you agree with the methodology of capturing the data and applying the coefficients proposed to calculate K-AUM, K-ASA and K-COH?

Question 9:

Do you agree that the overall Capital Requirement for the relevant firms in Category 3 is the highest of the Base Capital Requirement, activity based capital requirement or EBCM (where applicable)?

Question 10:

Do you agree that we should introduce guidance to PIB Rule 3.5.3 to explain our expectations for imposing specific (additional) capital or liquidity requirements on individual firms in Category 3 and 4, where applicable?

Question 11:

Do you agree with the proposed combination of CET1, Tier 1 and Tier 2 Capital to be used to meet the overall Capital Requirement for firms in Category 3 and 4?

Question 12:

Do you agree that the 'Basel regime' should be removed for firms Dealing in Investments as Agent?

Question 13:

Do you agree that firms in Category 3A should be subject to the same liquidity requirements as other firms in Category 3?

Question 14:

Do you agree that we should reduce the Base Capital Requirement applicable to firms Dealing in Investments as Agent from \$500,000 to \$200,000?

Question 15:

Do you agree that firms Dealing in Investments as Matched Principal should be moved from prudential Category 3A to Category 2, without changing their Capital Requirement?

Question 16:

Do you agree that ATS Operators should be moved from Category 4 to Category 3A and that the Base Capital Requirement is increased from \$140,000 to \$200,000?

Question 17:

Do you agree that we set the Base Capital Requirement at \$140,000 for firms Managing Assets and Managing a (Restricted) PSIA in Category 3C?

Question 18:

Do you agree that we should reduce the Base Capital Requirement for Fund Managers that do not manage any Public Fund or Credit Fund from \$70,000 to \$40,000?

Question 19:

Do you agree that we should reduce the Base Capital Requirement for firms Providing Custody (only for a Fund) from \$4 million to \$500,000, and from \$4 million to \$2 million for firms Acting as the Trustee of a Fund?

Question 20:

Do you agree that the requirement to have PII should be removed for Domestic Firms in Category 3 (other than EMPS firms), Domestic Firms providing Money Transmission in Category 4, as well as for all Branches? Please provide comments, if any, whether or not the PII should continue to apply to firms carrying on a Financial Service with Retail Clients.

Question 21:

Do you agree that firms Arranging Custody should be required to have PII?

Question 22:

Do you agree that we should introduce minimum requirements for the PII?

Question 23:

Do you agree that we should extend the scope of the Regulatory Returns Auditor's Report to include verifications around the calculation of the Transaction Based and Stored Value Capital Requirements, as well as the proposed activity based capital requirement?

Question 24:

Do you agree that the EBCM is 13/52 of Annual Audited Expenditure for Crowdfunding Operators when they hold Client Assets, while the EBCM is removed where the firm is not holding Client Assets?

Question 25:

Do you agree that the EBCM should be removed for firms Providing Fund Administration and Providing Trust Services?

Question 26:

Do you agree that the EBCM for Insurance Managers that hold Insurance Monies should be reduced from 18/52 to 9/52 of Annual Audited Expenditure?

Question 27:

Do you agree that the proposed changes (after taking into consideration the feedback from this consultation), should come into force on 1 January 2026?

Annex 2. DFSA's prudential regime (before the proposals in this CP)

PIB Category	Financial Services Activity	Base Capital (000)	EBCM	EBCM		Risk Based Capital	Large Exposure Limits	Liquidity	ICAAP IRAP	PII
				Clients Assets	Insurance Monies					
1	Accept Deposits	\$10,000				Basel regime	Yes	LCR	Yes	
	PSIAu Manager	\$10,000				Basel regime	Yes	LCR	Yes	
5	PSIAu (Islamic) Manager	\$10,000				Basel regime	Yes	LCR	Yes	
2	Provide Credit	\$2,000	13/52	18/52		Basel regime	Yes		Yes	
	Deal as Principal	\$2,000	13/52	18/52		Basel regime	Yes		Yes	
3A	Deal as Principal (Matched)	\$500	13/52	18/52		Basel regime	Yes		Yes	
	Deal as Agent	\$500	13/52	18/52		Basel regime	Yes		Yes	
3B	Custodian (Crypto Assets)	\$1,000		18/52				>EBCM		Yes
	Custodian (Funds)	\$4,000		18/52				>EBCM		Yes
	Trustee of Fund	\$4,000		18/52				>EBCM		Yes
	EMP Administrator	\$1,000		18/52				>EBCM		Yes
	EMP Operator	\$500	13/52	18/52				>EBCM		Yes
3C	Asset Manager	\$230	13/52	18/52				>EBCM		Yes
	PSIAr Manager	\$500	13/52	18/52				>EBCM		Yes

	Custodian (Assets)	\$500	18/52					>EBCM		Yes
	Trustee of (Express) Fund	\$500	18/52					>EBCM		Yes
	Fund Manager (Public/Credit)	\$140	13/52	18/52				>EBCM		Yes
	Fund Manager (Other)	\$70	13/52	18/52				>EBCM		Yes
	Fund Manager (VC)									Yes
	Stored Value Issuer	\$500	13/52	18/52		Stored value based		>EBCM		Yes
3D	Operate Payment Account	\$200	9/52	18/52		Transaction based		>EBCM		Yes
	Execute Payment	\$200	9/52	18/52		Transaction based		>EBCM		Yes
	Issue Payment Instrument	\$200	9/52	18/52		Transaction based		>EBCM		Yes
4	Money Transmission	\$140	6/52	18/52		Transaction based		>EBCM		Yes
	Crowdfunding Platform	\$140	6/52	18/52				>EBCM		Yes
	ATS Operator	\$140	6/52	18/52				>EBCM		Yes
	Insurance Manager	\$30			18/52			> EBCM		Yes
	Insurance Intermediary	\$30			9/52			> EBCM		Yes
	Fund Administrator	\$30	6/52					>EBCM		Yes
	Trust Services (Other)	\$30	6/52					>EBCM		Yes
	Arrange (Deals)	\$30						> Base		Yes
	Arrange (Custody)	\$30						> Base		
	Advise (Financial Products)	\$30						> Base		Yes
	Arrange & Advise (Credit)	\$30						> Base		Yes
	Arrange & Advise (Money)	\$30						> Base		Yes

Annex 3. DFSA's prudential regime (after the proposals in this CP)

PIB Category	Financial Services Activity	Base Capital (000)	EBCM	EBCM		Risk Based Capital	Large Exposure Limits	Liquidity	ICAAP IRAP	PII
				Clients Assets	Insurance Monies					
1	Accept Deposits	\$10,000				Basel regime	Yes	LCR	Yes	
	PSIAu Manager	\$10,000				Basel regime	Yes	LCR	Yes	
5	PSIAu (Islamic) Manager	\$10,000				Basel regime	Yes	LCR	Yes	
2	Provide Credit	\$2,000	13/52	18/52		Basel regime	Yes		Yes	
	Deal as Principal	\$2,000	13/52	18/52		Basel regime	Yes		Yes	
	Deal as Principal (Matched)	\$500	13/52	18/52		Basel regime	Yes		Yes	
3A	Deal as Agent	\$200		13/52		Activity based		>EBCM or Base		
	ATS Operator	\$200		13/52		Activity based		>EBCM or Base		
3B	Custodian (Crypto Assets)	\$1,000		13/52		Activity based		>EBCM or Base		
	Custodian (Funds)	\$500		13/52		Activity based		>EBCM or Base		
	Trustee of Fund	\$2,000		13/52		Activity based		>EBCM or Base		
	EMP Administrator	\$1,000		18/52				>EBCM		Yes
	EMP Operator	\$500	13/52	18/52				>EBCM		Yes
3C	Asset Manager	\$140		13/52		Activity based		>EBCM or Base		
	PSIAr Manager	\$140		13/52		Activity based		>EBCM or Base		

	Custodian (Assets)	\$500	13/52			Activity based		>EBCM or Base		
	Trustee of (Express) Fund	\$500	13/52			Activity based		>EBCM or Base		
	Fund Manager (Public/Credit)	\$140	13/52			Activity based		>EBCM or Base		
	Fund Manager (Other)	\$40	13/52			Activity based		>EBCM or Base		
	Fund Manager (VC)									
	Stored Value Issuer	\$500	13/52	18/52		Stored value based		>EBCM or Base		
3D	Operate Payment Account	\$200	9/52	18/52		Transaction based		>EBCM or Base		
	Execute Payment	\$200	9/52	18/52		Transaction based		>EBCM or Base		
	Issue Payment Instrument	\$200	9/52	18/52		Transaction based		>EBCM or Base		
4	Money Transmission	\$140	6/52	18/52		Transaction based		>EBCM or Base		
	Crowdfunding Platform	\$140		13/52				>EBCM or Base		Yes
	Insurance Manager	\$30			9/52			>EBCM or Base		Yes
	Insurance Intermediary	\$30			9/52			>EBCM or Base		Yes
	Fund Administrator	\$30						> Base		Yes
	Trust Services (Other)	\$30						> Base		Yes
	Arrange (Deals)	\$30						> Base		Yes
	Arrange (Custody)	\$30						> Base		Yes
	Advise (Financial Products)	\$30						> Base		Yes
	Arrange & Advise (Credit)	\$30						> Base		Yes
	Arrange & Advise (Money)	\$30						> Base		Yes